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Eleventh in a series

FRIDAY, OCTOBER 21, 1955

\$12,000,000.

Yes! Twelve Million Dollars
a-year man

MAX (MATTY) MATSON

says: "Don't underestimate the value of
Zell Coin Banks in initiating and closing a sale.
I have used them for many years."



M. M. MATSON
602 HANNA BUILDING
CLEVELAND 15, OHIO

August 30, 1955

Max (Matty) Matson, leader in the United States for 1954 in the sale of regular life insurance with a volume in excess of \$12 million paid for, and for 20 consecutive years a member of the Million Dollar Round Table, through his career has used Zell Coin Banks and Policy Wallets. We have asked him to comment on his experiences.

Mr. Daniel D. Zell
Zell Products Corp.
276-280 Main Street
Norwalk, Connecticut

Dear Mr. Zell,

My personal experience with Zell Coin Banks indicates that the Life Underwriter should not underestimate their value in initiating and closing a sale.

Although today many of my cases are in large amounts, I still find your coin banks, particularly the PHOTO BANK, very valuable as a gift to the children of my clients. At the outset of my career, I used the bank as a leader to get in to see people and to show them how easy it is to save for premiums.

After writing a substantial policy, I'll give one to a client as a gift for his child. Besides being a method of teaching thrift, this often leads to additional business.

The gift of a coin bank is appreciated both for its value and as an "extra" which the client didn't expect as part of insurance service. With the company's name printed on each bank, it helps "spread the word" to family and friends.

In every sale of life insurance, the underwriter should get the prospect's policies for analysis before he makes recommendations. It is not only valuable but imperative that he return the policies with a new wallet with his own and the prospect's name inscribed. No man should try to make a sale without service, and one of those services is having a wallet for his prospect's policies with the necessary information about each contract.

I'm happy to furnish this information because I feel that a wider application of this Plan will enable all Life Underwriters, the new man and the old-timer as well, to bring the wonderful benefits of adequate insurance to more and more American homes.

Very sincerely yours,

Matty Matson

Max Matson

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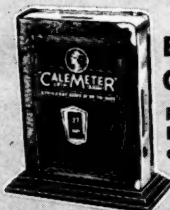
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Johnson Tells How Variable Annuity Insurer Will Work

Overflow Meeting at Chicago Hears Applications Pending in Some States

The breadth of interest in the variable annuity is beginning to match in degree the intensity of attention it has received in some circles the past few months. A record attendance turned out at a meeting of Chicago Life Insurance & Trust Council to hear a discussion of the subject by George E. Johnson, president of Variable Annuity Life Ins. Co., organized at Washington last July.

The audience, in addition to life insurance men consisting of an unusually large number of trust officers, lawyers, accountants and other persons allied with the business, heard Mr. Johnson describe the company as being in the "tooling-up stage." He added, however, that several policy forms, both group and individual, already have been approved by the District of Columbia insurance department and that it is only a matter of a short time before policies will be issued.

Applications for entry to a number of states already are filed and he said many more applications soon will be made. He said he expects little difficulty in obtaining licenses. Indicating cognizance of the variable annuity as an attention-getter, the daily newspapers in Chicago devoted a considerable amount of space to reports of Mr. Johnson's talk.

VALIC, which already has appointed three general agents, anticipates much of its business will come from brokerage sources, according to Mr. Johnson. He explained that several producers who have indicated interest in representing VALIC will continue representing their present company, offering the variable annuity as an additional service. Already there have been inquiries from about 200 producers who want to represent the company. While it has yet to write its first policy, VALIC now has several applications in the home office.

In a private interview, Mr. Johnson took sharp issue with the report of the variable annuities committee of National Assn. of Securities Dealers, which is reported in an adjoining column. He termed the tax comparison in the report unrealistic, adding

An explanation by Mr. Johnson of how the variable annuity would work in a typical case appears at the end of this story.

that he is drafting a reply to this and other points made in the report, which will be reported in a later issue.

Mr. Johnson stressed that VALIC plans to sell only to persons licensed as life insurance agents. It does not contemplate operating through securities

(CONTINUED ON PAGE 22)

Securities Dealers Urged to Act Against the Variable Annuity

The variable annuities committee of National Assn. of Securities Dealers has come out with a lengthy report recommending that members get busy and block enabling legislation that may be sought in the states to permit issuance of variable annuities.

"They should act as individuals of our industry and not as committees representing the National Assn. of Securities Dealers, Inc.," the committee advised.

The committee also wants the NASD board of governors chairman and the NASD executive director empowered to contact the securities and exchange commission and work with it to determine whether or not the SEC has jurisdiction over variable annuities and if it hasn't, to promote legislation giving it such power.

Other recommended steps:

1. Tell state insurance and securities commissioners and all NASD members about the NASD position and suggest that each individual take whatever action he feels appropriate in his local community.

2. Exchange ideas with other national groups interested in the matter.

3. Take immediate steps to confer with the officials of these organizations and acquaint them with the problem and the NASD position: Investment Bankers Assn., trust division of American Bankers Assn., National Assn. of Securities Administrators, National Assn. of Insurance Commissioners, New York Stock Exchange, and other regional exchanges, Assn. of Stock Exchange Firms, and National Assn. of Investment Companies.

"The variable annuity committee does not oppose the principle of the variable annuity contract but it is the considered judgment of your committee that if this type of contract is authorized, it should be surrounded by

(CONTINUED ON PAGE 23)

PRODUCERS AROUSED

N. Y. Federation of Labor Circulates Anti-Agent Article

NEW YORK—New York Federation of Labor, which is affiliated with the AFL, has sent its member locals a four-page bulletin containing an article which attacks the placing of welfare fund business with brokers or "broker-consultants." As a result, at least one local has refused to place its welfare fund through a broker on the ground that such a course was opposed by the union "brass."

The article was prepared by Harold Faggen of Harold Faggen Associates, New York City welfare-fund consultants. A foreword by the state federation calls it "a most timely discussion of union welfare and pension funds and their relation to actuarially sound management of these funds" and recommends the reading and discussion of the article at a called meeting of each local.

"The broker is an insurance sales-
(CONTINUED ON PAGE 23)

Life Sales Break Records for Nine Months, September

September life sales set a record total for the month of \$3,746,000,000, up 25%, and brought sales in the first nine months to an all-time high of \$34,612,000,000, up 18%. Industrial amounted to \$561,000,000, increase 7%. Group totaled \$823,000,000, up 71%. The group figures represented only new groups set up and not additions to contracts already in force.

Year-to-date sales of ordinary and group also set records. Ordinary totaled \$22,442,000,000, increase 20%. New group amounted to \$7,174,000,000, up 67%. Industrial came to \$4,996,000,000, increase 3%.

LIAMA's figures did not include sales of credit policies.

Combined A&H Trade Assn. to Become a Reality

Neal to Head Staff; Faulkner Slated to Be First President

Organization of the much heralded combined accident and health insurance trade association has begun with the selection of Robert R. Neal, counsel at Washington for Bureau of A&H Underwriters and H&A Underwriters Conference, as executive head of Health Insurance Assn. of America.



E. S. Faulkner

Appointment of Mr. Neal was made by the prospective board of directors of Health Assn. who were nominated by the Joint Committee on Health Insurance at its meeting last week in Chicago. E. J. Faulkner, president of Woodmen Accident & Life and one of the most prominent leaders in the A&H business, was nominated to become first president of the association.

The nominating committee, a special committee of the organizing committee of Joint Committee on Health Insurance, proposed in addition to Mr. Faulkner:

For vice-president, J. Henry Smith, Equitable Society; secretary, William R. Shands, Life of Virginia; public relations chairman, Frank S. Vanderbrouk, Monarch Life.

The directors would be Reinhard A. Hohaus, Metropolitan Life; J. W. Scherr Jr., Inter-Ocean; V. J. Skutt, Mutual Benefit H. & A.; George N. Watson, Crown Life of Canada, Edwin W. Craig, National Life & Accident; Harry J. Stewart, West Coast Life; Frank L. Harrington, Massachusetts Protective; Moses G. Hubbard, Commercial Travelers Mutual Accident of Utica; Armand Sommer, Continental Casualty; Travis T. Wallace, Great American Reserve; Millard Bartels, Travelers; Leslie P. Hemry, American Mutual Liability; J. C. Higdon, Business Men's Assurance; C. H. Tooke, Occidental Life of California, and R. J. Wetterlund, Washington National.

After the organizing committee has accepted applications for membership from a majority of the present members of the conference and the bureau, there will be a formal election of new officers of Health Insurance Assn. of America.

At the Chicago meeting, the Joint Committee on Health Insurance also approved reports of the membership, planning and finance committees. The membership committee expects to mail a brochure describing the new organ-

(CONTINUED ON PAGE 23)

Late News Bulletins . . .

Dr. Ralph Simmons Heads Medical Directors

NEW YORK—Dr. Ralph R. Simmons, Equitable Life of Iowa, was elected president of Assn. of Life Insurance Medical Directors at the annual meeting here this week. He succeeds Dr. Richard L. Willis, Mutual of New York. Other officers are Dr. Edson E. Getman, New York Life, president-elect; Dr. Norman J. Barker, Connecticut General, vice-president; Dr. Henry B. Kirkland, Prudential, secretary, Dr. J. Grant Irving, Aetna Life, treasurer, and Dr. James R. Gudger, Mutual of New York, editor of proceedings.

Quiz N. Y. License Applicants on Loyalty

NEW YORK—The New York Department has started asking applicants for brokers or agents licenses if they are or ever have been members of any of 130 organizations that have been listed as Communist or Fascist. Superintendent Holz said that the questionnaires, which must be sworn to, were being issued under his authority to determine that licensed brokers and agents are "trustworthy and competent." The questionnaire will go to all new applicants for licenses but will be sent to those seeking renewals only if the department has information that raises the question of loyalty. Mr. Holz said his view is that anyone who "adheres to principles to overthrow our government and system is not trustworthy."

Zalinski Urges Agents to Preach Gospel of Insured Pension Plans

BOSTON—The agents stake in the future of pension and profit-sharing plans was emphasized by Edmund L. Zalinski, vice-president of John Hancock, in a talk today before the Boston Life Underwriters Assn.

Mr. Zalinski said that every agent has a stake in seeing to it that the advantages of insured pension plans are brought forcefully to the attention of both executives and business owners.

"In the final analysis, a life insurance company is the only funding medium which guarantees the forecasts of its actuaries," Mr. Zalinski said, pointing to the danger of inadequate funding, likely to occur through overestimating interest earnings, mortality and severances.

"Some firms have undertaken to reduce funding costs via stock earnings and capital gains through investing in equities," he added. "However, the recent decline in stock values has made some people realize that stocks can go down as well as up, and their values are far from being guaranteed."

Noting that inaccurate mortality assumptions are equally dangerous, Mr. Zalinski said that even the 1937 standard annuity table does not reflect the impact of longevity resulting from medical advances. "While this table may not greatly underestimate longevity of employees now retired, it is certainly out of date as an adequate basis for forecasting longevity of present employees."

"Loose funding methods in trustee plans with substantial advance discounts for severances prior to age 65 have also become prevalent," added Mr. Zalinski. "The practice of allowing an employer severance credits before they are earned has often resulted in an unrealistically low contribution by employers as contrasted with insured plans where severances are taken down as they are earned."

"Nowhere is the expression 'penny wise and pound foolish' more apt than when applied to pension funding," Mr. Zalinski noted. "Overestimating either severances, mortality or interest earnings can cause failure unless it is discovered early enough."

Mr. Zalinski also warned that companies with existing pension plans should recheck their assumptions periodically in the light of changing conditions, and advise the agents that it is their duty as well as their opportunity to remind employers of that fact.

N. A. Accident Celebrates Life Decade; Holds Parley

North American Accident of Chicago held its annual eastern conference at Cape Cod. Approximately 130 agents and their wives attended.

E. H. O'Connor, managing director of Insurance Economics Society, discussed the need for a return to a more vigorous individual enterprise in the American way of life.

S. Robert Rauwolf, vice-president

and agency director, conducted the two day session consisting of educational material on life and A&H, presented via movies, seminars and tape recordings made by general agents from the west and midwest.

Commemorating the company's 10th life anniversary, a total of \$1,009,000 of insurance was written and submitted by the agency force on Oct. 3. In the 10 year period life volume has more than doubled to more than \$132 million.

Forgery Trial Starts Probe of A&H Company

A forgery case against two agents of State Hospital Insurance Association of Tarboro, N. C., developed into an investigation of the company during the trial in Mecklenburg superior court.

Agents Harry C. Robinson, Windy Hill, S. C., and R. L. Lowder, Cooleemee, N. C., allegedly committed the forgeries when the A&H company began converting from a mutual to stock company this year. Robinson testified he told President L. P. Eagles he forged policyholders' names in order to reclaim possession of stock certificates. Lowder disclaimed knowledge that the certificates were stock, saying he thought policyholders had to sign so they could vote and get the company changed to a stock company.

The court subpoenaed Mr. Eagles and J. R. Owens, an official of the company. Mr. Eagles said agents were given stock certificates to turn over to policyholders with instructions to buy back the shares at \$1 each. He said Robinson was offered a 50-cent commission on each share he purchased plus money to repurchase the shares.

Mr. Eagles said the shares were to be signed over to himself and Mr. Owens who were trying to buy control of the company. He said he knew nothing of the alleged forgeries until Mooresville policyholders complained of not receiving their stock.

Owens said the company was issuing 10,800 pieces of stock and could not check each one as it was returned signed to himself and Mr. Eagles.

Actuaries Conference Meets at Chicago; Reelect Slate

Conference of Actuaries in Public Practice, a national organization of actuarial consultants, reelected officers last week at its annual meeting at Chicago.

Officers, all Chicago actuarial consultants, are: Harley N. Bruce, president; Donald F. Campbell Jr., vice-president; Harry S. Tressel, secretary, and Edward D. Brown Jr., treasurer.

Topics of prime interest were social security, equity (or variable) annuities, and public pensions. Speaker at the banquet was Cecil P. Bronston, vice-president of Continental Illinois Bank of Chicago, who discussed "Seven Items of Current Interest in the Pension Plan."

Conference directors are: Mr. Brown, Mr. Bruce, Mr. Campbell, Mr. Tressel, E. I. Evans, Columbus, O.; Joseph Froggatt Jr., Los Angeles; Frank E. Gerry, Springdale, Conn.; W. E. Groves, New Orleans; Arthur M. Haight, Omaha; J. S. Rudd Jr., Austin, Tex.; Frank M. Speakman, Philadelphia, and Harmon R. Taylor, Cedar Rapids, Ia.

New Insurer at Little Rock

Southern Equitable Life has been organized at Little Rock, Ark., with authorized capital of \$100,000. Offices are in the Rector building.

Lowell E. Cruse is president, Douglas Cruse executive vice-president and C. L. Seemel secretary-treasurer.



Educational attainments of life insurance in the Los Angeles area were spotlighted at a conferment luncheon sponsored by Los Angeles CLU chapter. Speaker was Senator Kuchel of California. Pictured from left, are Fred Pierce, Connecticut General, president of Los Angeles Life Underwriters Assn.; John Mage, Northwestern Mutual, chapter secretary; Hal Van Cleve, Massachusetts Mutual, meeting chairman; Senator Kuchel; Jack O'Neill, Provident Mutual, chapter president; Gerald W. Page, President Mutual, Los Angeles, trustee of American College, and Bruce Bare, New England Mutual, president of Los Angeles Life Managers Assn. Guests at the meeting included presidents of banks, life insurance companies, professional societies and organizations of allied fields, as well as of life insurance organizations.

More Warrants Are Issued in Sale of Capital Life of S. C.

Warrants have been sworn out by Insurance Commissioner R. Lee Kelly at Columbia, S. C., against O. T. Hogan, president of United of Chicago, Paul Temple, described as an officer of that company, J. W. D'Verle, an officer of Guaranty Fire & Marine of South Carolina, now in receivership, and

A spokesman at United stated that as far as anyone connected with United is concerned the charges were false and untrue. He said the contract with Capital Life was arrived at by open negotiations over a period of four to five months, and the contracts and sworn statement of all fees paid, are on file as public record in the insurance departments of South Carolina and Illinois. They are subject, he said, to examination by any interested parties. Paul Temple, listed in the warrant, the spokesman added, is an independent broker and is not connected with United.

J. R. Reinhardt, a former insurance department examiner, and G. R. P. Farquhar, former president of Guaranty F&M.

One warrant charges Messrs. Hogan and Temple with conspiring with D. D. Murphy, former South Carolina insurance commissioner, to defraud Capital Life of South Carolina, which was sold to United. The other warrant charges Messrs. Farquhar, D'Verle and Reinhardt with filing with the insurance department a false and untrue annual report as to the financial condition of Guaranty.

Warrants were issued in July against Messrs. Murphy, Farquhar and Layton charging that the former commissioner used his office in a manner to force the sale of Capital Life to United for less than its real worth, that the three received \$80,000 for arranging the transaction, and that the transaction was put through the books of Guaranty and other firms which Guaranty owned or with which it did business.

Holz to Address N. Y. State Delegate Meeting

Insurance Superintendent Holz will speak at a luncheon to be given at the fall delegate meeting of New York State Assn. of Life Underwriters Nov. 11 at Yahnundasis Country club, Utica. The state association is holding the day-long meeting and the Utica association is arranging the luncheon.

N.J. Federation of Labor Charges Blue Cross Wastes Money

Aroused at what it regards as the arbitrary cancellation of a number of group plans with AFL unions, the New Jersey Federation of Labor charged before a state senate committee at Trenton that the New Jersey Blue Cross has been "wasting indiscriminately" the funds of its subscribers.

The federation also accused Blue Cross of making "unethical and illegal profits," needlessly raising its rates in recent years, and dealing "arbitrarily" with policyholders.

Counsel for Blue Cross submitted a detailed reply to the union's 14 accusations, denying each one of them.

Federation President Louis P. Marcianite testified that Insurance Commissioner Howell had investigated the charges and advised Gov. Meyner that they constituted no grounds for a public inquiry. Mr. Marcianite charged Mr. Howell with seeking to "whitewash" the Blue Cross. The state federation and New Jersey Blue Cross have long been at odds over what the federation regards as Blue Cross favoritism to the CIO plans. Blue Cross officials have denied this.

Minn. May Give Vets Insurance as Bonus

Fifteen-year endowment policies in lieu of a cash bonus for Minnesota veterans of the Korea war are being considered by a legislative commission. The committee studied an insurance program under which the policies would mature about the time many veterans had children ready for college.

Other insurance plans also were suggested for study but the commission has made no decision.

Republic National Life Raises 4 at Home Office

Republic National Life has promoted four men at the home office. Robert P. Brady was appointed assistant vice-president and actuary of reinsurance. Replacing Mr. Brady as reinsurance secretary is Frank Brunswick, formerly reinsurance office manager. Wailand Wilson replaces Mr. Brunswick, and Harold Ball was named policy issue office manager.

Mr. Brady joined Republic National in 1953 after seven years with Haight, Davis & Haight, Omaha consulting actuaries. Mr. Brunswick joined the company in 1949.

H. J. Edmiston Picked Chairman of ALC Financial Section; Discuss Many Topics

Staging a program that embraced a variety of investment topics, the Financial Section climaxed a highly successful annual meeting in Chicago last week of American Life Convention.

Henry J. Edmiston, vice-president of Kansas City Life, was elected chairman to succeed James H. Windsor, financial vice-president of Equitable of Iowa. W. S. Henrion, vice-president and treasurer of Woodmen Accident & Life, was named vice-chairman, and John B. Siegel Jr., vice-president of Life of Virginia, secretary.

Recruiting new men is a problem high on the list of life company financial staffs, according to Mr. Windsor. The old method was to get "a specialist" from the mortgage, securities or banking business, he said. The difficulty was the specialist was treated as such by management, compared to the actuarial and agency people in the top echelons, who went to their positions full of years of experience in life insurance.

Most investment officers now are trying to develop junior men from the ranks, Mr. Windsor commented. If regarded chiefly as an investment specialist and administrator, his counsel will not be sought on broader matters of company policy. On the other hand, if regarded as an officer, he will be called upon to sit in at the top policy level.

Other speakers were Frank R. Shugrue, 2nd vice-president of Bankers Life of Nebraska; Donald C. Slichter, vice-president of Northwestern Mutual; Eugene R. Black, president of International Bank of Reconstruction and Development, Washington; J. Douglas Gibson, assistant general manager and economist, Bank of Nova Scotia, Toronto; David C. Bevan, vice-president-finance, Pennsylvania Railroad Co., and G. Keith Funston, president of New York Stock Exchange. Mr. Funston's talk is reported elsewhere in this issue.

Amortization has improved vastly the attractiveness of the mortgage as an investment, but there is still ample room for improvement, according to Mr. Shugrue. He contended that "much can be done to accomplish progress through a closer liaison between the life insurance industry, Mortgage Bankers Assn. and American Institute of Real Estate Appraisers."

Mr. Shugrue characterized the laws under which mortgages are handled as "archaic," adding that "a thorough

study is called for." Little consideration has been given to the changing economy and living habits that constitute America today. "Legislation covering mortgages was enacted for the most part with an agricultural economy in mind. Few will dispute the fact that the income derived to make payments on farm loans is different from

that which services the debt on a city property.

"The laws which authorize mortgage investments make no distinction with regard to the hazard an investor may have in protecting his investment. It does not seem probable that a company has the same risk when it makes a two-thirds loan in a state where it can be in title within 60 days after default, as it has when it makes a loan in a jurisdiction where it takes two to 2½ years to accomplish the same result. The difference in the time required to com-

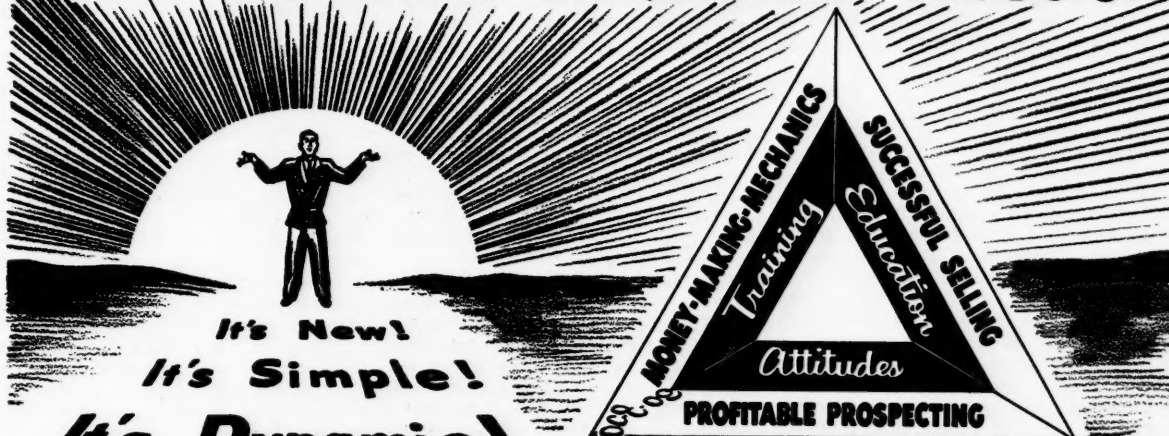
plete the foreclosure can make a tremendous difference in the real estate market."

Whether or not one agrees with the New Jersey law allowing 75% mortgages on fully amortized deals with special reserves for the over age is good, "it at least indicates that changes can be accomplished and that progress can be made in securing a review of mortgage laws," Mr. Shugrue stated. "Undoubtedly any changes of this nature must be accomplished at the local level, but methods and procedures

(CONTINUED ON PAGE 21)

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It's Dynamic!



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Ben F. Hadley, Vice-Pres. & Sup't. of Agents

Something that Field Men have desired—and wanted for years! Most complete, most effective, most talked-about Career Development Plan in the Insurance World today! A time-saver and a money-maker for **both YOU and YOUR AGENTS!**

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—attracts strong men—holds your better men—each agent you appoint becomes an agency builder for himself and a recruiter for you.

Money-Making Sales Packages

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AGENCY BUILDING OPPORTUNITIES IN:
Arizona, California, Delaware, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Texas, Virginia, Washington D. C., and West Virginia.



Henry H. Edmiston, vice-president of Kansas City Life, new chairman of the financial section of ALC, receiving congratulations from the retiring chairman, James H. Windsor, vice-president of Equitable of Iowa.

Full Card Listed for IHOU Meeting at Louisville

The complete program has been announced for the annual meeting of Institute of Home Office Underwriters, to be held at the Kentucky hotel in Louisville Oct. 26-28.

Following a welcome by Morton Boyd, president of Commonwealth Life, there will be talks Wednesday by James D. Renn, Peninsular Life, association president; Dr. D. E. Yochem, medical director of Nationwide Life; John F. Duston, Equitable of Iowa, association secretary, as well as committee reports.

There also will be a panel discussion on competitive underwriting, presided over by C. A. Will, Guardian Life. Participants include Dr. C. B. Ahlefeld, Business Men's Assurance; R. B. Cablinger, Southland Life; H. W. Cook Jr., Columbian National; F. G. Short, Franklin Life; H. E. Harding, North American Life; W. C. Kaltenback, Reserve Life; G. P. Osterday, National Public Service, and W. T. Warren Jr., Southern L. & H.

Room hopping sessions will follow the formal program Wednesday at which discussions will be directed by W. H. Bush, State Farm Life; W. H. Harrison, Security Mutual Life; A. C. Miles, Union Life, and Mr. Wells.

Speakers the second day include B. M. Anderson, vice-president and counsel of Connecticut General; J. D. Rockafellow, underwriting manager of Pacific Mutual, and R. C. Stratton, assistant superintendent engineering and loss control division of Travelers.

The industrial session that afternoon will include a talk by Frank T. West, vice-president of Kentucky Central L. & A., and a case clinic moderated by D. E. Nickens, Lincoln Income Life. The panel members will be Miss C. L. Childress, Liberty National; Mrs. Winnie De Ment, Union Life; W. T. Knowles, Home Life; Richard McDonnell, Sun Life; Rex Metz, Liberty Life; J. M. Penrith, United, and J. B. Pinson, Family Fund Life.

An ordinary case clinic is scheduled for Friday, participants including F. N. Bailey, Shenandoah Life; E. F. Brewer, Republic National; C. R. Ehke, Aid Assn. for Lutherans; C. W. Huber, Bankers National; D. M. Ibbott, Southwestern Life; C. G. Johnson, Macca-bees; William Leudtke, World; H. A. Munson, Guarantee Mutual; J. E. Reeder, Gulf Life; C. J. Rozea, North American Reassurance; F. T. Somers, Minnesota Mutual, and F. R. Thomas, North American Life of Chicago.

Hosts at a Wednesday reception will be Commonwealth Life, Independence Life & Accident, Kentucky Home Mutual Life and Lincoln Income Life.

Stanley C. Collins, president of National Assn. of Life Underwriters, addressed the first meeting of the season of the Burlington, Vt., association. It was the first time an NALU president had visited a local association in Vermont. Shown, left to



right, in the picture are: Clyde R. Welman, vice-president in charge of agencies of National Life of Vermont; Bernard H. Zais, Connecticut Mutual Life, president of the Burlington association; Mr. Collins; B. F. Garrity, manager of Metropolitan Life at Burlington; and Mayor Moran of Burlington.

Texas Department Getting Set for Wave of Mergers

AUSTIN—Faced with the duty of approving proposed mergers of Texas companies, Casualty Commissioner J. Byron Saunders last week said the pending plans on file or in the discussion stage are "only a portent of things to come."

The impending mergers, according to Mr. Saunders, result directly from the new Texas insurance laws. Major factors in the movement, he said, are the higher restrictions on ownership of real estate, new controls over sales of stock and competition for employees in managerial posts. Another factor, particularly in the life field, is the new law requiring companies to show production of new business in order to retain their charter.

Gives Status of Three Model A&H Laws

F. Joseph O'Regan, counsel of H&A Underwriters Conference, has tabulated the status of three model laws in 48 states, the District of Columbia and Hawaii.

The laws are: State fair trade practices act; 1950 uniform individual accident and sickness policy provisions law, and unauthorized insurers service of process act.

The fair trade practices law was enacted in nine additional states this year. Thirty-seven states and Hawaii now have the law.

The uniform policy provisions law was enacted in six additional states this year, for a total of 39 states, Hawaii and the District of Columbia.

Eleven states enacted the unauthorized insurers service of process legislation this year. Thirty-eight states and Hawaii now have the act on the books.

Twenty-eight states and Hawaii have all three model laws.

\$26 Billions of Life in Force in California

California policyholders own \$26 billion of life insurance, or more than four times the amount in 1940, and the state's share of the U. S. total has jumped in the last 15 years from 5 to 8% and the amount per capita from \$900 to \$2,100, according to Institute of Life Insurance's first comprehensive report for the state.

Sixty percent of all life insurance owned in California at the end of 1954 was in ordinary policies. There was \$8.8 billion of group divided among 4 million certificates, most of them issued in employer-employee plans. The group total was 10 times the amount on the books 15 years earlier.

Policyholders received \$234 million in living benefits. Death claims totaled \$143 million.

Scoins Urges Spread of Substandard A&H

Dr. William H. Scoins, chief medical director of Lincoln National Life, favors contemplating disability in its broadest sense and developing a technique of pricing the hazard of disability as is done with mortality. He gave his views in a paper, "Substandard A&S Insurance—Why Not?" at the annual meeting of Assn. of Life Insurance Medical Directors of America in New York City.

Some life companies already issue substandard disability insurance at standard premiums and it is a common practice of some to include waiver of premium for disability to all risks whose expected mortality, regardless of cause, is not in excess of 150%. Dr. Scoins said. It is possible that, given a recurrence of tuberculosis or a psychoneurosis, thousands of dollars of premium payments can be waived. If this is income replacement in the narrow sense, then why not go a step further and view disability in its broadest sense and develop a technique of pricing the hazard, he asked.

Dr. Scoins reached the conclusion that the ultimate goal of A&H should be universal coverage, or as near that as possible, properly and fairly priced according to the degree of risk. That the industry has come a long way in this direction is witnessed by the volume of A&H now in force, the tremendous number of persons covered, and the benefits paid each year. Major medical is an example of the industry's effort to provide better protection.

The failure, if any, to do enough in this direction would seem to be in too rigid underwriting which eliminates from coverage a significant number of people who are not standard risks, he said.

With some impairments, selection would have to be of a high order and applied with great care. In the case of diabetes mellitus, no impairment is so much a disease of complications with prevention so much up to the individual. This eliminates the possibility of developing a satisfactory exclusion rider and emphasizes the difficulties in experimenting with it as a risk for substandard A&H. Yet individual diabetics would be encouraged to know that, by conscientious care, they may be eligible for a type of coverage heretofore denied them.

If the extra premium approach is to be attempted, the initial underwriting must be done with great care and medical examinations and attending physicians' reports would be more frequently secured than at the present time. Some impairments would require both a rider and an extra premium. Some, with hazards of surgery and recurrence, are most satisfactorily handled by an exclusion rider.

The biggest problem is to set up a method for determining how much extra premium should be charged. Since there is no basic morbidity table or experience from which to start, it would seem reasonable to inquire into the relationship, if any, between morbidity and mortality rates. Dr. Scoins said. Over the years, considerable data has been developed which reflects the mortality ratios which can be expected from a number of impairments. Any which results in a mortality ratio over 100% of the standard expected should also be associated with an increased morbidity. If the standard A&H risk were assessed a morbidity ratio of

N.C. Sets Conditions for Riding A&H to Comply with New Law

As an alternative to reprinting A&H policies to make them comply with the provisions of HB 96, the North Carolina department has indicated that companies may use present policies with riders if they comply with these procedures.

1. The required language of the new provision may be printed upon a rider form, which for convenience in reference shall bear the form number HB 96.

2. The rider form shall be securely attached to the policy upon issue and its attachment confirmed by a rubber stamp endorsement in at least 10-point type in contrasting color on the face saying that the policy is subject to North Carolina law requiring notice before non-renewal as set forth in attached rider form HB 96.

3. The rider form, in addition to quoting the required renewability provision, shall amend the policy to delete all reference to renewal at the option of the company and to amend the required grace period provision to change the reference to five days notice of non-renewal to language consistent with the new provision.

4. The rider form shall state that it is a permanent attachment to the policy and cannot be removed during the life of the policy.

5. Any policy form submitted for approval in the future must contain either a printed policy provision entitled "renewability" or comply with the procedure specified by the department. A statement that the endorsement and rider will be used will not be sufficient for approval. Forms which have already been approved need not be submitted for reapproval, but may be used upon approval of the rider and endorsement.

6. Approval of the use of the rider and endorsement will be contingent upon absolute compliance in all cases. If any company is found to have issued a policy without attaching the rider and placing the endorsement on it, approval of the use of this method of compliance will be immediately withdrawn, and, if license is not revoked, all policies used in the future will be required to contain the printed provision.

Policyholders' Benefits Increase \$289,716,000

Benefit payments to life policyholders in the first eight months totaled \$3,544,846,000, up \$289,716,000, according to Institute of Life Insurance.

Benefits to living policyholders in the first eight months totaled \$2,064,870,000, up \$183,795,000. Death payments were \$1,479,976,000, up \$105 million.

August benefit payments totaled \$442,123,000, up \$61,263,000.

100%, some multiple of the corresponding extra debits usually added to the standard expected mortality in life insurance might be added in terms of percentage points, he suggested.

He thought it might be safe to relate morbidity to mortality in this manner, developing factors for impairments by applying judgment, an estimate of the disability producing propensity of the impairments, and the probable nature of the cost to the company of medical, surgical and hospital care, and of time loss thereby incurred.



BENNIE T. KING

Bennie King says,
"I am not particularly
proud of my 1950-51
earnings. But I was very
young and very
inexperienced.

"But I do expect to reach
\$20,000 a year before
age 30."

Here is a record of his cash
earnings beginning with
his first full year.

1950	\$ 4,094
1951	4,274
1952	8,088
1953	8,225
1954	12,905
1955	expect 17,000

GENERAL AGENCY
OPPORTUNITIES IN
New Castle and
Butler, Pennsylvania

"I expect to reach \$20,000 before age 30"

Wabash, Indiana, August 18, 1955

Mr. Francis J. O'Brien, Vice President
The Franklin Life Insurance Company
Springfield, Illinois

Dear O'B:

It wasn't funny then, but I have to laugh now when I look back to that lucky day in late 1949 when I had just been fired from a \$45 per week office job. I was 21 years old and had already spent a year in military service, 14 months in business college, and had held out over a year at this job, anxiously waiting until I was considered old enough to sell life insurance. My friends, my parents, my wife and her parents all said I was too young. Then Dad encouraged me with—"Well Bennie, since you're not satisfied with anything else you may as well give it a try between jobs and find out once and for all whether you're a life insurance man." Frankly, when I knocked on the first door I silently prayed that nobody was home. But I soon found that the famous PPIP and other Franklin specials didn't have to be sold, just as you had told me. Just see enough of the right kind of people and tell them the story.

I'll always be grateful to General Agent Charles Taylor who gave me my "chance," and to Regional Manager Wayne Messmore who later gave me a push in the right direction (five figure income). And thanks to the Home Office for your personal interest. It's a pleasure to earn better than just an average living, and my family and I don't believe that we have yet really hit our stride. My goal at the very beginning was \$20,000 per year by age 30. I'll be disappointed now if this isn't accomplished *ahead* of schedule. Last year Franklin paid me \$13,000 and I'm counting on \$17,000 this year. I'm happy—yes—but not surprised because I believed you O'B, when you told me the Franklin story.

I'm a very lucky fellow. Sincerely,

Bennie T. King



The Friendly **FRANKLIN LIFE INSURANCE COMPANY**

CHAS. E. BECKER, PRESIDENT SPRINGFIELD, ILLINOIS
DISTINGUISHED SERVICE SINCE 1884

*The largest legal reserve stock life insurance company in the U.S. devoted
exclusively to the underwriting of Ordinary and Annuity plans
Over One Billion Nine Hundred Million Dollars of Insurance in Force*

Fatality Rate in Scheduled Flying Shows Improvement

MONTREAL—The fatality rate in U. S. scheduled airline flying in 1954 was very low and the improvement in the average rate for the 4-year period of 1951-54 over 1950-53 was greater than most previous changes in 4-year death rates between successive periods, according to a summary of a report made by the committee on aviation to the 3-day annual meeting of Society of Actuaries.

Rates on different bases for the period 1951-54 for domestic and international flying combined were: passenger death rate per 1,000 passenger hours, .0012; death rate of first pilots in scheduled flights per 1,000 airplane hours, .0017; death rate of all pilots employed in scheduled flying per life year of exposure, .0015; and death rate of other crew members employed in scheduled flying per life year of exposure, .0013.

The committee was able to obtain approximate fatality rates per 1,000 pilots engaged mainly in these kinds of flying as follows: crop control, 12; and transportation in company-owned aircraft for non-commercial business or personal use, 2.

The latest available fatality rates for pilots and other rated officers of the U. S. air force, by age group, rank and duty assignment, are shown below.

In the rates by age per 1,000 life years of exposure, deaths by enemy action are excluded. Other deaths in combat missions are included in 1952-53 only:

Age Group	1954	1953	1952
ALL RATED PILOTS			
Under 25	20.8	26.7	27.5
25-29	12.9	13.1	13.0
30-34	5.3	5.1	6.8
35 and over	2.9	3.8	4.4
All	7.7	8.3	9.1
NON-PILOT RATED OFFICERS			
Under 25	9.3	8.8	12.8
25-29	6.1	5.4	8.7
30-34	2.9	5.4	6.9
35 and over	2.1	4.5	5.1
All	4.9	5.8	7.5

In the rates by rank per 1,000 life years of exposure, 1953-54, deaths due

to enemy action also are excluded. Other deaths in combat missions are included in 1953 only:

All	Regular Air Force Pilots (Included Above)	Rated Non-Pilot Officers
Major	3.6	3.6
Captain	5.6	4.1
1st Lt.	11.8	5.3
2nd Lt.	21.2	8.3
All	8.0	5.3

The death rates by duty assignment with U. S. air force in 1951-53 are:

Duty Assignment	Death Rate per 1,000 Life Years of Exposure
Pilot, Helicopter	17.1
Pilot, Amphibian	8.4
Pilot, Transport	3.9*
Pilot, Troop Carrier	10.5*
Pilot, Jet Fighter	32.3
Pilot, Non-Jet Fighter	17.5*
Pilot, Jet Bomber	30.6
Pilot, Non-Jet Bomber	7.1*
Pilot, Single-Engine Reconnaissance	8.4
Pilot, Multi-Engine Reconnaissance	6.8
Pilot, AOB†	17.4#
Operations Officer	5.0
All Other	4.1

*July 1952-December 1953

†Pilot qualified also as a bombardier and a radar observer

#1952-1953

The fatality rate of pilots of the air national guard not federally activated was 4.4 per 1,000 life years of exposure in 1953 as against 9.8 per 1,000 for 1951-53, despite the higher proportion of flying in jet aircraft during 1953.

Latest available fatality rates of pilots of the U. S. navy by age group per 1,000 life years of exposure are shown below. The pilots were all officers. Deaths due to enemy action are excluded, but other deaths in combat missions are included:

Age Group	1952	1953	1954
Under 25	25.6	41.7	47.9
25-29	13.4	9.0	13.0
30-34	9.1	8.1	9.1
35 and over	5.2	3.6	3.2
All	11.3	9.8	10.9

Cites Social Security Perils

Oren D. Pritchard, Union Central Life manager at Indianapolis, warned at talks in Alabama and Indiana that the moral hazard which proved so disastrous to the disability income business during the depression of the 1930s could wreck any social security system of payments for disability.

"In fact," he declared, "the drain on a system of government benefits would be even heavier because of the pecu-

lar moral code of many Americans that 'anything you can get out of the government isn't cheating.'"

"A heavy drain on social security funds, coupled with shrinkage of the income of social security system as a result of contracted payrolls would certainly not aid us in recovery from any future down-cycle, in the economy," he concluded.

Provident Mutual Has New Disability Plan

Provident Mutual has adopted a new disability income and premium waiver provision which applies to whole life plans and endowments which mature on or after age 65. Under its terms, monthly income has been increased to \$10 for each \$1,000 per month when a disability commences before age 55 and continues to age 65. This income continues at a reduced scale after 65 without further evidence of disability and the policy becomes fully paid at that age.

All premiums for the new provision cease at age 55. This also applies to disability commencing between 55 and 60. In this case if insured continues to be disabled to age 65, the policy becomes fully paid.

The aviation exclusion clause for pilots and air crews has also been removed in the new provision. Waiver only clauses no longer have the restriction and will be issued with no rate change; the exclusion clause has also been eliminated retroactively from outstanding disability provisions.

N. Y. Life Has New Office And Manager at Tulsa

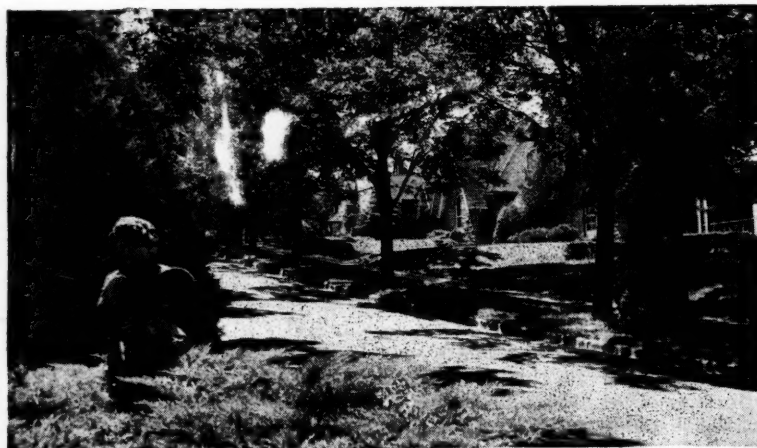
The Tulsa branch of New York Life under the new manager, Charles T. Bell, has moved to new and larger quarters there.

Mr. Bell joined the company in 1947 at Washington, D. C., becoming assistant manager. In 1950 he was New York Life's leading assistant manager. In 1951 he became manager at Charleston, W. Va.; in 1953 supervisor of the advanced underwriting staff of the field training division, and in 1954 regional manager of training for the west central region, St. Louis.

Texas A&H Unit Meets

San Antonio Assn. of A&H Underwriters heard an explanation of the proposed changes in the constitution of Texas association which would eliminate the voting power of the advisory committee members and provide that no director serving a full three-year term shall succeed himself. It also provides that the president of the local association shall have the right to vote.

Speakers at the meeting included A. D. Anderson, San Antonio general agent for Occidental of California, who discussed the business and tax situation.



This is the eighth in a series of advertisements about Kansas City—and Kansas City Life.

"A Masterpiece Of City Planning" ... Kansas City

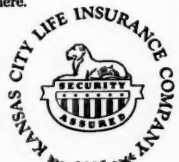
Andre Maurois said it. Visitors and city planners from other communities are still saying it. They have never seen a city built with so much regard for beauty. It's a city of homes, trees, parks, and boulevards.

When you drive along the shaded, winding streets, you have the feeling Mother Nature reserved this space for Kansas Citians and their homes. The tree-lined streets are like orchards, following the curves of hills and streams. Spacious boulevards are surrounded by carpets of green. Parks are everywhere, with their precious statues and fountains.

Visitors know it took more than planning and cooperation to develop this "masterpiece." There's something special in Kansas City—something fine. It's the friendly progressive spirit that's as sincere as the firm clasp of a hand.

And it's the same spirit that built Kansas City Life Insurance Company—the spirit that is constantly seeking a way to do things better everywhere.

KANSAS CITY LIFE INSURANCE CO.
Broadway at Armour, Kansas City, Missouri



MR. W. P. HARTLEY
Manager Chicago No. 6

LEADERS

ON COMBINED RESULTS

Our fieldmen of the Chicago No. 6 District finished the third quarter of 1955 in first place on combined results, per debit basis.

Congratulations to Manager Hartley and his outstanding agency team for this achievement.

MONUMENTAL LIFE INSURANCE COMPANY

Chartered 1858

Home Office • Baltimore, Md.

Direct Mail as Sole Sales Channel Being Tried out by Patriot Life, CIT Subsidiary

By ROBERT B. MITCHELL

NEW YORK—Selling life insurance by mail, an alluring idea that one time even caught the fancy of Sears, Roebuck & Co., is being tried out by Patriot Life of New York, organized in 1953 as an affiliate of Universal C.I.T. Credit Corp.

Patriot is "America's largest company selling life insurance by mail," as it states in its sales letters. But of even greater significance is the tie-in with a top-flight, hugely prosperous finance company, for with the exception of Sears, Roebuck's short-lived Hercules Life project, efforts to sell life insurance by mail have not been notable for large-scale financial backing.

Important also in the Patriot picture is that its sales vice-president is Arthur W. Theiss, former advertising manager of Minnesota Mutual Life and so highly regarded in the direct mail sales business that he has served as president of the Direct Mail Advertisers Assn.

What are the results of Patriot's direct mail solicitations thus far? Mr. Theiss was genial but non-committal in answering questions asked by THE NATIONAL UNDERWRITER. For one thing, the experimental period won't be over before the first of the year and not till then can results be accurately appraised. For another, if Patriot finds it has got something good going, how much would it be sensible to disclose and thus enable potential competitors to go forth and do likewise?

However, there is no great problem in laying hands on the direct mail material being sent out by Patriot. In fact, it was a mailing piece turned over to THE NATIONAL UNDERWRITER by an inquiring recipient that led this publication to ask Mr. Theiss how the project was progressing.

Patriot mailings being sent to persons who have financed their cars through Universal C.I.T. Corp. consist of a letter that fills most of both sides of a legal size page with single space typewriter type; a four-page leaflet containing rates and the application form; two slips, one for those who want to order the policy on 10 days' approval, the other for buyers who want to send in the first premium so that the protection will be in force as soon as the application is accepted. Even if prepaid, the policy can be returned for full refund within 10 days.

A business reply envelope completes the set of enclosures.

The top of the letter is folded over to show a brief note from Mr. Theiss. It says, "The Universal C.I.T. Credit Corp., our companion company through whom you financed your car, has given us your name as a person who has already established an excellent credit reputation. Therefore, I am sending you this letter. I cannot stress too strongly the vital importance of its message to you and your family. I urge you to read it with the greatest care."

The policy being promoted is the \$5,000 "Ratemaster" 15-year term contract with double indemnity. Annual, semiannual, quarterly and monthly rates are shown on the leaflet for ages 20 to 50 inclusive, with a note that for insurance available at ages 51-65 information can be had from the home office.

The letter's salutation is simple "Dear Sir." There is no fill-in of name or address. It starts off: "Now you

can have \$5,000 of life insurance protection at a saving of as much as 20% on your insurance payments by buying direct from America's largest company selling life insurance by mail. And at most ages you need not take a medical examination if you are in good health!"

After a couple of paragraphs explaining the 10-day trial plan, the letter continues:

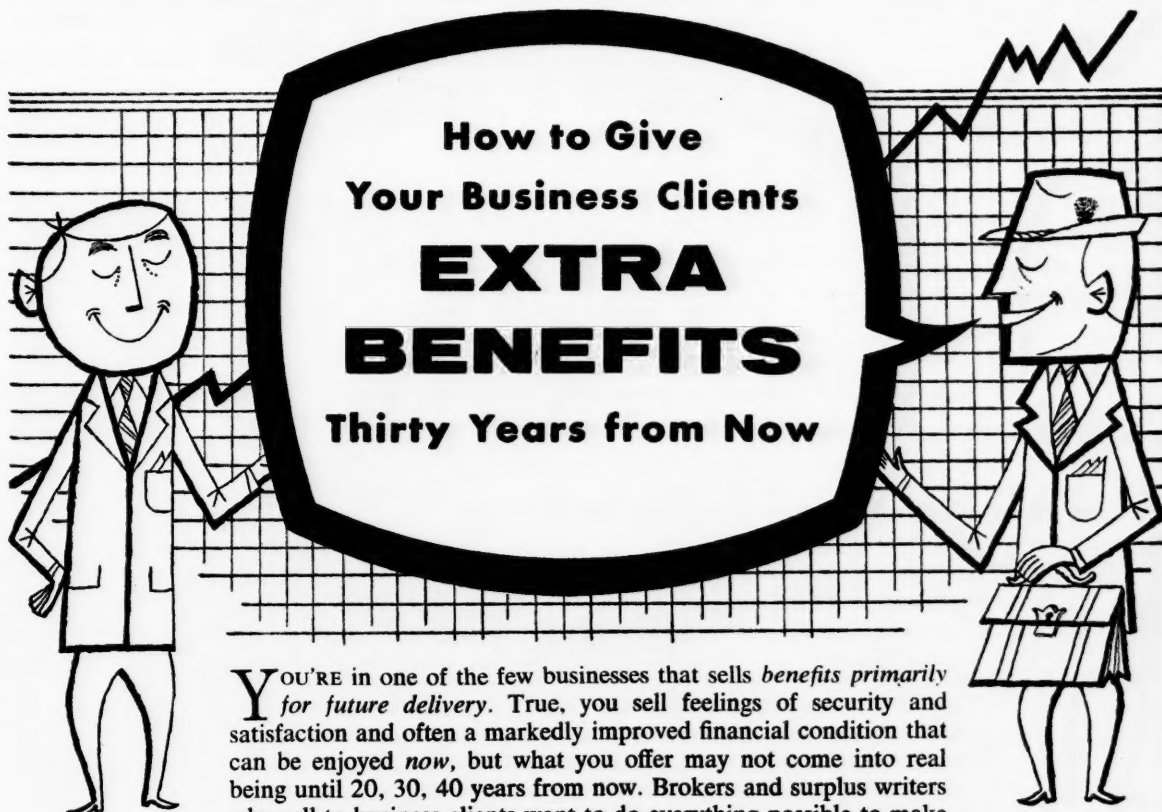
"You know, of course, that the primary purpose of life insurance is to provide protection for your loved ones in case something should happen to you. But do you know that there are many different kinds of life insurance protection . . . and that many of these plans offer you valuable but expensive 'frills' that you may not actually need?"

"Just consider what your family's actual needs would be if you were taken out of the picture. Are you working—bringing home a paycheck—

paying out a mortgage on your home, or meeting other installment obligations? Are you the sole provider of your children's food and clothing, as well as your wife's and your own?"

"Then doesn't your family need the basic protection of a guaranteed cash fund to help them meet these fixed living expenses if you're no longer around to provide the money yourself? True, there are many other advantages you want to provide for them—but isn't this the minimum they

(CONTINUED ON PAGE 20)



**How to Give
Your Business Clients
EXTRA
BENEFITS
Thirty Years from Now**

YOU'RE in one of the few businesses that sells *benefits primarily for future delivery*. True, you sell feelings of security and satisfaction and often a markedly improved financial condition that can be enjoyed *now*, but what you offer may not come into real being until 20, 30, 40 years from now. Brokers and surplus writers who sell to business clients want to do everything possible to make sure that the policy includes provisions which assure the greatest value many years hence. Here are two examples:

Partnerships or close corporations who buy life insurance so that outsiders won't get into their businesses usually have many other uses for money. They recognize the value of the insurance but they buy Ordinary Life or even Term. In most of these cases, at least one of the insureds lives to retirement age. Then what happens? Shouldn't you give the best possible service to your clients by giving them policies which are convertible at minimum cost into Retirement Income policies? Under the Connecticut Mutual's Change-of-Plan clause any premium-paying policy can be converted at any age to a higher premium form. This saves money, especially if annuity rates should go up. And remember, the agreement to change the plan, and the annuity rates to be used, are *built into the contract*. We can't change our minds; we agree to do this in all cases at the time the policy is issued.

Now let's consider what happens when one of the insureds dies. We all call it "business insurance" but

the real purpose of it is to provide the heirs of the insured with cash or income in exchange for his share of the business. Whether the proceeds come from business or personal life insurance makes no difference to the widow. If use of an income option would be better on her husband's personal life insurance it would also be better on his business life insurance. All Connecticut Mutual policies—business or personal—include the *same* favorable guarantees of income options.

So every time a broker or surplus writer has a business insurance case to consider, he should think of these factors: will the "package" he proposes be the best possible one 20, 30 or 40 years from now?

Any of Connecticut Mutual's 80 General Agents can provide brokers and surplus writers with these superior facilities.



The Connecticut Mutual
LIFE INSURANCE COMPANY · HARTFORD

List 1955-56 Chairmen of 24 GAMC Committees

Committee chairman for 1955-56 of General Agents & Managers Conference of National Assn. of Life Underwriters are:

Area and state meetings—Fred H. White, Massachusetts Mutual, Buffalo; budget—L. V. Drury, Sun Life of Canada, Philadelphia; education and training—Edward L. Reiley, Mutual Benefit, Philadelphia; elections—C. Caffney Smith, Mutual Benefit, Washington, D. C.; extension—Tom Lyle Mitchell, Mutual of New York, Birmingham; membership—Carr R. Purser, Penn Mutual, New York City; nominations—M. L. Camps, John Hancock, New York City; past national chairmen—Mr. Camps; program for annual conventions—L. Mortimer Buckley, New England Life, Dallas; resolutions—E. A. Ellis, Pacific Mutual, San Francisco; rules and regulations—W. Thomas Craig, Aetna Life, Los Angeles; assistant manager training—Coy G. Eklund, Equitable Society, Detroit; attendance at conventions—William A.

Fraser, Bankers Life of Iowa, Lincoln, Neb.

Also, community service activities—Paul H. Conway, John Hancock, Syracuse; district agency management—Leonard T. Smith, Prudential, Cranston, R. I.; group study courses—Robert B. Pitcher, John Hancock, Boston; management practices—Freeman J. Wood, Lincoln National, Chicago; management program of American College—William E. Hays, New England Mutual, Boston; operations manual—Walter G. Gastil, Connecticut General, Los Angeles; publicity and publications—Mr. Drury; relations with colleges and universities—Mr. Ellis; relations with other organizations—John A. Hill, Aetna Life, Toledo; speakers roster—Henry W. Persons, Mutual of New York, Chicago; study course for district Managers—Martin M. Guon, Metropolitan Life, Oak Park, Ill.

The Yates-Woods agency of Massachusetts Mutual Life at Los Angeles has \$23 million paid life total (exclusive of group and annuities) for the first nine months of 1955, a record for any entire year in the past.

B.M.A. Fetes Collins at Breakfast Meeting

Continuing the tradition started 20 years ago by Chairman W. T. Grant,



Stanley C. Collins

who died during the past year, Business Men's Assurance was again host at a breakfast in honor of the new president of National Assn. of Life Underwriters during the annual meeting of American Life Convention in Chicago last week.

Presiding jointly were President Jay C. Higdon and Vice-president W. D. Grant, Mr. Higdon introducing the head table digni-

smaller companies who were on hand at the ALC meetings.

The first NALU president to be so honored was Lester O. Schriver in 1935. It was hoped that Mr. Schriver, now NALU managing director could be on hand for the breakfast last week but as President Stanley C. Collins of NALU explained in his talk, it was necessary for him to be in Los Angeles on matters involving the construction of NALU's new headquarters building at Washington.

Mr. Collins endorsed an attitude of cooperation and moderation in seeking remedies, making sure that available remedies are exhausted before resorting to extreme measures.

"We should always remember that progress without tradition is but a leap in the dark," he observed.

Ordinary Life Agencies Rise 771 in 10 years

The number of life agencies selling ordinary in the U. S. has increased one-fourth since 1945 and their total sales have more than doubled, according to a LIAMA survey of 71 life companies.

There were 3,883 agencies in 1954, compared to 3,112 in 1945. California led all states with 325 agencies, up 127 in the decade. New York City led all cities with 151. New York City sales were larger than every state total except California. Two-thirds of the agencies sell more than \$1 million a year.

The Portland (Ore.) regional group office of Mutual Benefit H. & A. and United Benefit Life has been moved to 3122 N. E. Broadway. The office serves Oregon, Washington and Idaho. E. L. Placek is manager.



Jay C. Higdon



W. D. Grant

taries and Mr. Grant doing the honors for special guests at the other tables.

In recalling the genesis of the B.M.A. breakfasts, Mr. Grant mentioned that the late W. T. Grant had wanted to honor the new president of NALU and to bring together representatives of the

The Men With The Guarantee Achieve



easier with The Guarantee's training programs

Success comes faster and easier with proper training. Whether you want the advantages of a C.L.U. course or basic training for one of your new agents, The Guarantee has tested, successful training programs to fit your needs.

As a General Agent with The Guarantee, you will also benefit from these other agency-building tools: • A complete line of insurance to sell • Two new financing programs • The Guarantee's liberal 5 Star Contract • A new pension plan • An agency-minded company.

For More Information
on the areas available and the advantages offered by The Guarantee, write or phone today — in confidence — to J. D. Anderson, Agency Vice President, 1805 Douglas St., Omaha, Nebr., At. 7100.

Ralph E. Kiplinger, President



WE AGREE

that life insurance is becoming more and more competitive. Healthy competition provides the insurance buying public with the best possible protection.

In the expanding recruiting and selection program of The Union Labor Life, it is ever our purpose to consider the best qualified talent for our agency force.

Our agents ARE The Union Labor Life in their communities and it is our Agency Department's purpose to assure one and all that these men are symbols of the strength and security that represent the very foundation stone of our Company.

THE UNION LABOR

LIFE INSURANCE COMPANY

200 East 70th Street
New York 21, N. Y.

EDMUND P. TOBIN, President



Discuss Papers Covering Wide Range of Topics at Annual Meeting of Society of Actuaries

MONTREAL—Papers on a variety of subjects were discussed at the 3-day annual meeting of Society of Actuaries in Montreal. Members discussed some new papers and others which had been presented at previous meetings.

The paper "Funding of Group Life Insurance" by C. L. Trowbridge, Bankers Life of Iowa, was discussed by H. L. Feay, Manhattan Life, B. R. Thomas, New York Life, and W. R. Williamson, Wyatt Company. Mr. Feay indicated that the best funding method for union plans is one that gives a nearly level cost over a long period of years. A modification of the aggregate funding method described in Mr. Trowbridge's paper does this. The modification is to limit the period of net gain for the new entrants to some period between 20 and 50 years from the effective date of the plan.

Mr. Thomas discussed the funding of the death benefit after retirement as well as the tax problems involved. He pointed out that since an employer may obtain a deduction for advance funding under a negotiated welfare plan it seems logical that a similar deduction should be permitted under a plan voluntarily established by the employer. Members discussed a paper by L. A. Shudde and R. J. Myers, social security administration, entitled "Mortality Experience of Union Civil War Veterans," presented at the March meeting. A significant feature of this paper was that it provides mortality rates for ages over 100 based on actual experience.

A number of speakers discussed the paper of Dorrance C. Bronson, Wyatt Co., "Pension Plans—Provisions for Termination of Plan." R. M. Peterson, Equitable Society, stressed the importance of early and adequate funding and urged "a highly responsible attitude" toward funding adequacy such as is characteristic of fully insured pension plans. He pointed out some of the problems that exist upon termination of a pension plan and reminded the actuary that he will be required to assume important responsibilities in determining equities.

J. P. Stanley, UAW-CIO, referred specifically to several terminated plans with which he had worked and indicated that little difficulty had been experienced. He mentioned some of the problems that would exist if the trust were continued on a closed basis after termination of the plan.

W. W. Fellers, Wyatt Co., dramatized actual terminations in three recent cases and warned that the controlling point in each case at the time of termination was not considered important at the time the plan was established.

George Ryrie, North American of Toronto, and A. E. Archibald, Investors Diversified Services, discussed operating earnings. Mr. Ryrie pointed out that reserve checking is an important by-product of surplus forecasting. He described methods used in his company in forecasting earnings. Mr. Archibald urged small companies to attempt forecasts of future earnings, pointing out that the difficulties are not nearly as great as might be thought.

In discussing the paper of R. G. Espie, Aetna Life, "Group Life Insurance with Paid-Up Values," J. W. Moran, New York Life, described another approach under which the group term insurance does not reduce each year; instead a provision was included for cash or paid-up values on termination. He felt this was a novel but

equally sound and somewhat more flexible approach. W. W. Keffer, Connecticut General Life, pointed out that modest amounts of insurance to be continued after termination can be handled through group term and that the administrative cost of small increments of permanent insurance may be excessive.

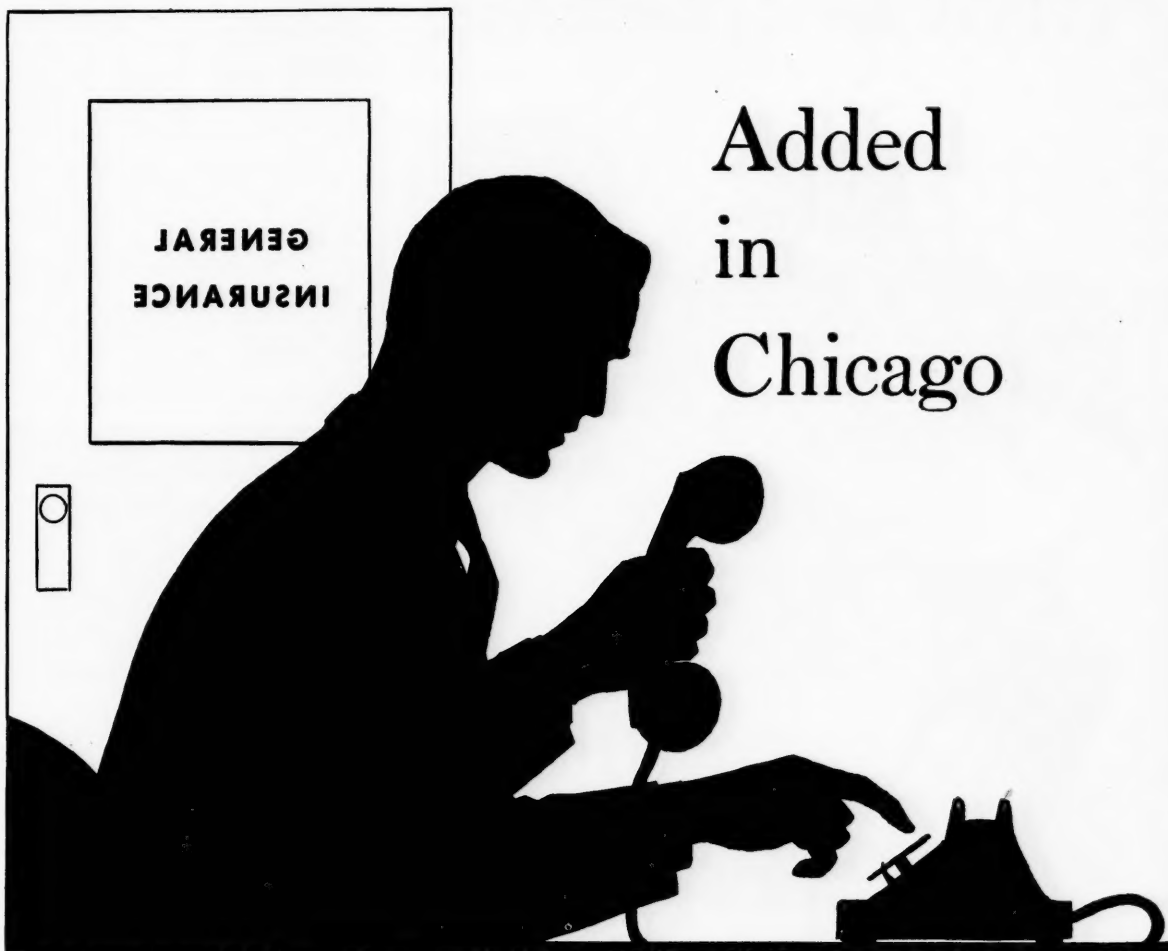
B. R. Thomas and W. R. Williamson, Wyatt Co., also discussed the paper.

Mr. Thomas expressed the opinion that the underwriting standards on this type of plan must be higher here because the money-back guarantees cuts into the margins available under the group term plan; he also commented that the early years would show a bookkeeping loss. In reply Mr. Espie pointed out that despite the fact that his company applies the same standards as to its group term plans, it has found that none of its cases stays in the red for any length of time.

Speakers commenting on the paper

"Family History of Cardiovascular-Renal Disease" by A. P. Morton, Prudential, stated that the experience of their own companies generally confirmed most of Mr. Morton's conclusions as to the mortality experience to be expected of life insurance applicants who have a family history of cardiovascular-renal disease. W. J. November, Equitable Society, said studies in his company of the deaths among parents and siblings with cardiovascular-renal family history tended to confirm

(CONTINUED ON PAGE 10)



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Lundgren Named WOW President

Howard M. Lundgren, national secretary, was elected president of Woodmen of the World of Omaha, in a special meeting of the board. He succeeds Farrar Newberry, president since 1943, who retired this month.



Howard M. Lundgren

James Richard Sims, a national director and field manager, was elected national secretary.

Mr. Lundgren, the society's fifth president has been with the headquarters staff society since 1927, first in the commission department, later in the investment department. For several years before his appointment in 1951 as vice-president he was in charge of investments.

Mr. Lundgren was appointed a national auditor and member of the

board in 1953 and national secretary in 1954.

He is a past president of the National Fraternal Investment Assn. and was elected to the executive committee of National Fraternal Congress in 1954.

Mr. Sims joined Woodmen in 1923 at Ennis, Tex., and joined the society's field force in 1932. He served as district manager at Houston from 1933 to 1934, when he was appointed manager of Illinois. Four years later he became Texas manager.

In 1946 he went to Omaha as national field manager and was named vice-president in charge of field promotion in 1951. He became a national director in 1953, and a national auditor in 1954.

Officers of the society were hosts to the 450 national headquarters employees at a luncheon to greet the new officers and bid farewell to Mr. Newberry, at which DeEmmett Bradshaw, chairman of the board, presided.

John Hanson, for three years with Terryberry Co., New York City, has been appointed actuary of **Morss, Seal & Daoust**, Detroit actuaries & pension specialists. Mr. Hanson is an associate of Society of Actuaries.

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N. Y. EXCHANGE VIEW

Sees Life Insurers Doubling Stock Ownership by '65

Stock ownership by life insurers is expected to rise from \$3.3 billion to \$6 billion in 1965, G. Kieth Funston, president of New York Stock Exchange, told a meeting at Chicago of the Financial Section of American Life Convention.

Few life companies have taken full advantage of their legal opportunities to own equities, Mr. Funston observed. But he added that experience during the depression when real estate frequently entailed greater risks than sound stocks, and experience during post-world war II when inflation cut into purchasing power, has led to "a growing realization that at times great risks frequently can be avoided, instead of assumed, through the institutional ownership of sound common stocks."

A New York Stock Exchange study now being completed shows institutional investors owned about \$32 billion of common and preferred stock at the start of the year, or about one-eighth of the marketable shares of American business, Mr. Funston reported.

The holdings of shares listed on the New York Exchange by institutional investors amounted to about 14% of the value of all exchange shares as of Dec. 31, 1954, Mr. Funston pointed out. He said that as additional equities are purchased, the value of institutional holdings will be almost double in the next 10 years to an estimated total of \$60 billion. This will include about \$50 billion, or 24% of New York Stock Exchange shares then outstanding. The estimates are based on 1954 stock prices, and do not assume any price increases. Figures for institutional investors include life, fire and casualty insurers, pension funds, charitable and educational groups, savings banks and investment companies. Pension trusts administered by banks, whose equity holdings were about \$30 billion at the end of 1954, are excluded.

Despite anticipated industrial growth, Mr. Funston commented, the country's need for new equity money in the next 10 years is so great that institutions are likely to supply only about 38% of the \$80 billion that will be needed. In the past decade, institutions have supplied \$10 billion to the equity market, an amount equal to three-fifths of the money raised through new equity issues.

"We must look to individual investors, even more than institutions, to provide tomorrow's growth money," Mr. Funston declared. Looking ahead to 1965, he said there is an urgent need as the economy expands for maintaining a reasonable balance between individual and institutional holdings. Greater ownership by institutions must be accompanied by greater and wider ownership among individuals. "We must look to the average investor not only to put up the greatest amount of equity money, but to make the most venturesome investments."

The key to maintaining a healthy balance "lies in maintaining a healthy market with a steadily increasing supply of stocks," he said.

Mr. Funston noted that as institutional portfolios have grown, the gen-

eral public has found many more shares of listed stocks available to meet its needs. He said in the last 10 years as institutions increased their holdings of listed stock by 220 million shares, the exchange's supply expanded by \$1.6 billion; in the decade ahead about one billion shares will be added to the exchange list, exclusive of stock splits and stock dividends, of which institutions are expected to absorb about 375 million shares.

Meeting the unique and sizable needs of institutions in a free, orderly and open market, without impairing service to the private investor, has created a real problem for the exchange, according to Mr. Funston. He said it has been solved by developing new techniques such as special offerings, exchange distributions and special block purchases. He said these techniques and others the exchange is working to develop hold great promise for meeting long-range institutional needs.

Northwestern Mutual Life has made a \$13 million 25-year loan at 4½% interest to finance construction of the Old Orchard shopping center at Skokie, Ill.



Frank L. Barnes, right, 1st vice-president of Ohio State Life, retiring chairman of the agency section of American Life Convention, congratulates the new chairman, Karl Ljung, agency vice-president of Jefferson Standard Life, at the annual meeting in Chicago.

A. Stuart Franklin, Beverley Hills, Cal., led all Midland Mutual Life agents in new business in September, and also is the number one agent for the first nine months.

Life Companies' Assets Grow at Lower Rate

Due to increases in group and individual term which do not require accumulation of as large reserves as other plans, life insurance assets are not growing as rapidly today in relation to the rise of insurance in force as they were 10 years ago, according to Institute of Life Insurance.

The institute reported 35.5 cents of each dollar of income was required to set up reserve and other funds to assure future benefit payments last year. Of the balance, 44.9 cents went for current benefit payments, 17.1 cents for operating expenses, 1.9 for taxes and .6 cents for dividends to stockholders.

Ten years ago, 43.6 cents of each income dollar went into reserve funds.

Forty percent of life insurance in force with 1,000 U. S. life companies is group or term today. In 1944, life companies reported 25% of the total in these two categories.

In this same period, total policy reserves of all U. S. life companies have increased 98%, while their life insurance in force has risen 134%.

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EDITORIAL COMMENT

Hot Topic That Needs Cool Consideration

From being little more than a curiosity, the variable annuity during the last year or so has come to be perhaps the most controversial topic in the life insurance business. This week the Chicago Life Insurance & Trust Council devoted an entire meeting to it, with President George E. Johnson of Variable Annuity Life as the speaker. Last week, in one of the principal addresses at American Life Convention's annual meeting in Chicago, President Leland J. Kalmbach of Massachusetts Mutual Life spoke out vigorously against the variable annuity, specifying various reasons why he opposes it.

The National Assn. of Securities Dealers has just released a committee report on the variable annuity. The NASD, along with National Assn. of Investment Companies and Investment Bankers Assn., is highly interested in the variable annuity as a potential competitor of the first magnitude.

It is all to the good that these divergent viewpoints on the variable annuity are being aired to the fullest practicable extent. THE NATIONAL UNDERWRITER will continue its policy of full coverage. So far as possible we shall report everything that seems to have a bearing on this new develop-

ment, regardless of which side it favors. It is important to a proper understanding and evaluation of the variable annuity that both sides be presented. It is even important to report arguments, pro or con, that seem pretty obviously fallacious, so that by refutation from the other side the fallacies can be brought to light and exposed for what they are. We will welcome comments from readers who feel that an erroneous statement needs correcting.

The variable annuity is an important development. It warrants more than superficial understanding. For if the variable annuity principle is accepted and gains considerable currency, the obvious next step will be to apply it to settlement options in life insurance contracts—for the policyholder as retirement income and for the beneficiary as a life income option.

THE NATIONAL UNDERWRITER will try to keep its readers up to date on variable annuity developments and also supply background information for the benefit of those who have only recently become interested in the variable annuity. But if there are questions that you'd like answered, just write us and we'll do our best to ferret out the information.

'Agent' Is Hard to Improve On

Be proud of the designation "agent," Robert W. Osler, vice-president of Rough Notes Co., told the Detroit Assn of Life Underwriters recently. We applaud that bit of advice, for we have noted the tendency of companies, agents and agents' organizations to seek appellations they deemed an improvement on "agent."

Yet "agent" continues to be the accepted generic term for the men and women who sell life insurance. It is the designation used by practically everybody in the business except when making a conscious effort to get one of the supposedly better titles popularized.

Sometimes these improvement efforts are made in an attempt to set one particular company's representatives apart from the general run of life insurance salesmen—apart and a little above. Some companies feel that this helps the agent's morale. Certainly whatever effect there is will be more in the agent's mind than in the prospect's or client's.

Fortunately, most of the public is sufficiently sophisticated that it automatically jumps to the conclusion that no matter what it says on the life in-

surance man's card—"consultant," "estate engineer," or whatever—the man is a life insurance agent. It's just as well that this is so. If some of the fancier designations were to lead a prospect to think he was being called upon by some sort of envoy-extraordinary-minister-plenipotentiary from the home office and the prospect then finds out that the man was there just to talk about the sale of life insurance the disillusionment would certainly hurt the sale more than help it.

None of these synthetic substitutes for "agent" can really be criticized on the ground that they fool anybody. The only trouble with them is that by implication they tend to low-rate the long established and highly honorable designation of agent. As Mr. Osler pointed out in his Detroit talk, the agent designation connotes the delegation of important powers by the principal to the agent. It is a relation of trust.

The thing for the agent to appreciate is that "agent" is a wholly honorable designation but that if he feels it lacks anything in public esteem he cannot help matters by calling himself something else. But by his own conduct, by the ethical standards that he sup-

ports and lives by and the legal standards he works, for he can make sure that "life insurance agent" becomes a designation of ever-increasing distinction.

PERSONALS

Clyde Parnell, manager of advertising and sales promotion for Old Line Life, is director of the men's chorus of Cudworth Post of American Legion, Milwaukee. The chorus won top honors in the national championship contest at the Legion's national convention in Miami for the third consecutive time.

Walter A. Robinson, retired Ohio insurance superintendent, was presented a plaque by Ohio Assn. of Life Underwriters in appreciation of his long service as head of the state insurance department. Mr. Robinson has been confined to his home, 24 Indian Springs drive, Columbus, for several months by illness and the presentation was made there.

W. H. Andrews Jr., manager of the Greensboro agency of Jefferson Standard Life, has been named chairman of the 1956 March of Dimes drive in Guilford county.

Frank Friedler, manager of Home Life of New York in New Orleans, is the general chairman of the 1956 Greater New Orleans United Fund Drive.

Howard W. Stodghill Sr., chairman of Independence L.&A., as a vice-president of the Crusade of Freedom is one of about 60 persons who are on a trip to Europe to inspect facilities of the Radio Free Europe and Free European Press programs.

W. Wesley Niles, who has been named manager of life and A&H of Travelers at Buffalo, formerly served in the same capacity at Halifax. He joined the company as field supervisor at Toronto in 1947 and was advanced to assistant manager in 1950. He had been manager at Halifax since 1952.

Frederic W. Ecker, president of Metropolitan Life, is listed among participants in a conference on equal job opportunities sponsored by the President's committee on government contracts, scheduled to meet at Washington, Oct. 25.

DEATHS

CHARLES C. THOMPSON, 77, retired Seattle manager of Metropolitan, died there after a lengthy illness.

Mr. Thompson started his career with Pacific Mutual Life as an agent at Helena in 1901. When that company



CHARLES C. THOMPSON

was later taken over by Metropolitan, he went with them as assistant superintendent. After serving in various important cities in the Pacific northwest he was appointed manager of the Seattle-Tacoma district in 1908. He held that post until his retirement in 1945.

He had held every office in the Seattle Life Underwriters Assn., had been chairman of the Washington Life Underwriters Assn., and served as president of NALU, 1932-1933.

LEWIS R. HARDY SR., 80, for many years an agent for Sun Life of Canada at Louisville, died there.

ABRAHAM S. ROE, 91, Mutual of New York, Chicago, died. Despite his age, he was engaged in business every day until a few weeks before his death.

F. E. FANSLOW, agent for Union National Life since 1941, died in Yankton, S.D., of a heart attack. He had served in the South Dakota house of representatives and as treasurer of Yankton county.

EDWARD P. MAGEE, 66, veteran agent at Lansing, Mich., who in recent years represented North American Life of Canada, died. He was a past president of Lansing Life Underwriters Assn.

WILLIAM COLGAN, 72, veteran Louisville agent for Equitable Society, died. Many years ago Mr. Colgan was general agent at Louisville for State Mutual Life, and after a business asso-



W. Wesley Niles

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ciation outside of insurance, he joined Equitable Society in 1916, continuing until his death.

ALPHEUS G. ALLERTON, 46, district manager 18 years for Victory Life of Topeka at Hiawatha, Kan., died in Winter hospital, Topeka, after an illness of several weeks.

LIAMA to Unveil New Career Analysis Plan at Annual Convention

S. Rains Wallace, research director of LIAMA, will describe the organization's new career analysis procedure in a talk entitled "Where Should Sammy Run" at the annual meeting Nov. 6-11 in Chicago. He and Donald A. Peterson, research associate, will conduct a workshop for agency officers on the procedure which helps in selection of field management personnel and in guidance and direction of career agents.

The Nov. 9 session will open with a fellowship breakfast for agency officers of companies operating in Canada. C. W. Mealing, president of Life Underwriters Assn. of Canada, will open the day's general session with a talk on the topic, "If I Were an Agency Officer." Stanley C. Collins, president of National Assn. of Life Underwriters, will speak on "Harmony Through Understanding."

Arthur F. Williams, vice-president of Crown Life, and W. Sheffield Owen, vice-president of Life of Georgia, will speak on "Life, Liberty and the Pursuit of Happiness" and "Among So Many," respectively.

Four current problems in agency management will be discussed by members of LIAMA's company relations division in a symposium moderated by Lewis W. S. Chapman.

Great West Life has appointed A. C. Mussellam supervisor at Vancouver. Mr. Mussellam has been with Great West since 1950 serving both in Vancouver and Winnipeg.

Indiana Insurance Leaders Turn Out to Honor Wells

INDIANAPOLIS—About 200 insurance leaders in Indiana turned out at the dinner-party at the Indianapolis Athletic Club honoring outgoing commissioner Harry E. Wells, and introducing William J. Davey, the new commissioner.

Jack J. Rosebrough, general manager of Farm Bureau Mutual of Indiana, was chairman of the Indiana Insurance Industry Committee that planned the party, and acted as master of ceremonies. Edward P. Gallagher, executive vice-president and general counsel of American States, was the principal speaker. He reviewed Mr. Wells' 25 years of service to Indiana government, emphasizing the years since 1945 when he became chief examiner in the insurance department. He was appointed commissioner in 1952 by Governor Craig. Mr. Gallagher cited particularly Mr. Wells' excellent legislative record. He pointed out that Mr. Wells' extensive program was passed virtually 100% by the most recent legislature, although it was highly technical in nature. He stated that the new laws were passed, "not because all the legislators understood them, but because they had faith in Harry Wells."

Mr. Gallagher also introduced the new commissioner, who has been chief examiner for the past two years and has served in the department since 1947 when he graduated from Butler University.

Both Mr. Wells and Mr. Davey made brief replies and the outgoing commissioner was presented with a set of matched luggage in appreciation for his services. Mr. Wells had resigned his post to become president of American Travelers of Indianapolis. Earlier in the day, Commissioner Davey had been sworn in by Judge Walter Pritchard of the Marion county superior court.

Atlantic
Currents

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Atlantic representatives have found that the acceptance of The Jamestown by their clients is due largely to quality features which make the big difference.

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Probation Given Two Hospital Assn. Agents

Two agents of State Hospital Association of Tarboro, N. C., have been placed on probation after they pleaded guilty in Mecklenburg county superior court to forging names on stock transfer certificates while the association was attempting to convert to a stock A&H company.

Harry C. Robinson was placed on probation for two years and Harry Lee Robinson (no relation) was put on probation for 18 months.

The forgeries were among hundreds detected in an investigation by the department of insurance which caused Commissioner Gold to stop the conversion plans. The association has appealed to Wake county superior court from Mr. Gold's order.

R. L. Lowder of Cooleenec, another agent for the association, testified that he also forged some signatures. He faces forgery charges in Davie county.

Pan-Am Sales Rise 82.3%

As the result of Pan-American Life's first policyowners service campaign, September sales increased 82.3%.

More than half the business came from Pan-American Life policyholders and families. More than half the appli-

cations were accompanied by premium payments. Average policy size was above the industry average.

In congratulating the field staff, Kenneth D. Hamer, vice-president and agency director, said the agents proved Pan-American policyholders are an excellent source of new business. Agents gave real service and improved their relationship with policyholders, he said.

Porter Heads Salt Lake Agency for Beneficial Life

Kenneth W. Porter has been named general agent of Beneficial Life's new Salt Lake City agency, the 25th agency of the company and the second in the Salt Lake valley.

Mr. Porter joined Beneficial Life at Sacramento in 1952, and the following year, was appointed field supervisor and transferred to the home office.

Insurance Professor Talks

Robert Strain, associate professor of insurance at University of Texas, addressed Austin Life Managers Club, explaining the need of insurance teachers and insurance education.

He said insurance curriculum at colleges should be strengthened for both insurance salesmen and buyers. He

suggested a requirement of 12 credit hours for undergraduate students interested in an insurance career. Mr. Strain said the man who specializes in insurance also will find it to his advantage to have a knowledge of economics, sociology, and money and banking.

Names Ballin to Head Agency in New Jersey

Samuel S. Ballin has been named manager in upper New Jersey for American United Life.

Mr. Ballin, who has headquarters at Newark, maintains three agency offices. He started in the business more than 30 years ago as a debit agent.

Guardian Names King

Guardian Life has opened a new agency in Fort Worth under the management of Joseph D. King.

Mr. King, who entered the business with Connecticut Mutual Life in 1949, has been a supervisor of General American Life in Fort Worth.



Joseph D. King

Life Company to Sell Stock

Protective Security Life of Los Angeles has been granted a permit by the California department to sell 10,000 shares of its \$10 par value stock at a price of \$25 per share.

Sees Stability in Texas Insurance

Senator Lock of Lufkin, Tex., told Piney Woods Assn. of Life Underwriters at Nacogdoches, that stability in insurance in Texas will result now that the Texas legislature has set more rigid requirements for the organization

of insurance companies. He said, "These requirements are not aimed at penalizing small companies but at giving strength and security to all."

Society of Actuaries

Issues Demography Book

One of the simplest and yet most complete analyses ever made of demography, or the study of population, has just been published by Society of Actuaries.

The new book, a 300-page review titled *Introduction to Demography* by Mortimer Spiegelman, fellow of the Society and associate statistician of Metropolitan Life, was designed as a text-book for actuarial students, but is so written that it can be used effectively by any who desire an understanding of changing population problems.

Business relies on population statistics and vital statistics to ascertain the location and characteristics of its markets, and also to determine where its plants should be located. To the actuary, statistics for the general population, and particularly mortality statistics, are important to supplement or confirm the results of studies from insurance records, or to shed light on new problems.

16 to Go to Home Office Course

Thirty-five agents from 16 states will attend Northwestern Mutual Life's second 1955 career school at the home office. A faculty of 36 teach the two-week course for most successful new agents.

Bowsher Heads State Security Life

R. D. Bowsher, Terre Haute, Ind., has been named president of State Security Life at Anderson, Ind., replacing John Love who has organized John Marshall Life, also at Anderson. Mr. Bowsher was an original incorporator of State Security.

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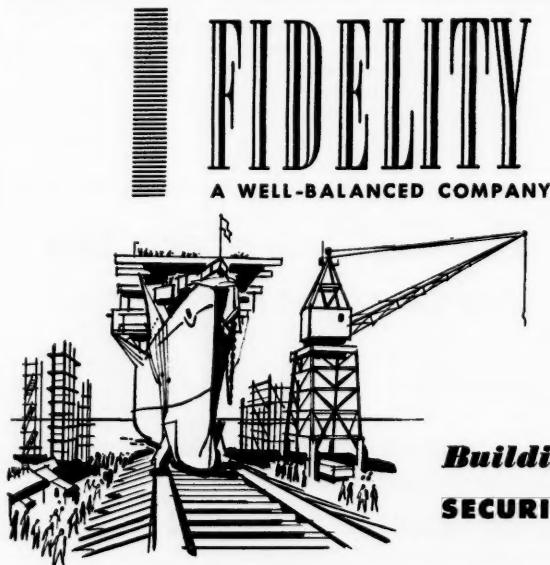
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LIFE INSURANCE COMPANY**

THE PARKWAY AT FAIRMOUNT AVENUE
PHILADELPHIA • PENNSYLVANIA

Pacific Mutual Raises Dickey at New Orleans

Charles E. Dickey Jr. has been named New Orleans general agent for Pacific Mutual Life. With the company field staff for 10 years, Mr. Dickey formerly operated his own agency in New Orleans.



C. E. Dickey Jr.

ment of William P. Perry Jr.

Gibbs Heads Florida Office of New York Life

William G. Colmery has been appointed manager at large, and Charles L. Gibbs has been named to succeed him as manager of New York Life's Florida branch in Jacksonville.

Mr. Colmery, who has headed the Florida branch since 1937, is retiring at the end of the year after 44 years of service. Previously he served in Jackson, Miss., Birmingham, Ala., Memphis and Nashville.

Mr. Gibbs began with the company in Jacksonville, as an organizing agent there in 1927. He became manager in 1953 at Arlington, Va. Previously he was in Florida 14 years and managed the Charlotte office from 1941 to 1953.

Hancock Makes Educational Grant

John Hancock has made an educational grant to Harvard university and Lowell institute to sponsor a series of 40 weekly television programs dealing with vital problems in the fields of

medicine and community health. Titled "The Facts of Medicine," the series originates in the department of preventive medicine at Harvard medical school and is telecast over Station WGBH-TV, Boston.

Lincoln National Opens South Bend Group Office

Lincoln National Life has opened a new regional group office in South Bend, Ind., to service northwestern Indiana and western Michigan under the managership of Samuel M. Sharp.

The company also named Alden D. Lewis regional group manager for Oregon at its office in Portland.

The new South Bend office will be at 624 Sherland building until completion of new quarters at 622 N. Michigan avenue. Mr. Sharp joined Lincoln National in 1951 and served as regional group manager in Omaha and Cleveland. For the past year he has been supervisor of the Dennis Radord agency for the company at Omaha.

Mr. Lewis joined the company in 1952.

Plan Ashbrook Campaign

North American Life is staging a sales contest in honor of President C. G. Ashbrook, marking the first campaign since Mr. Ashbrook moved up from a vice-presidency last February.

North American production for September was 47% above September, 1954, and second only to August, 1955, as a greatest month in the company's history. Total sales for the first nine months of 1955 is 60% over the same period in 1954.

Tampa Marine Co. has placed with three insurer lenders \$1.5 million of 5% first mortgage and collateral trust bonds due in 1965. Mutual of New York bought \$1 million of the issue, Gulf Life and Pilot Life each took \$250,000.

Conn. Mutual Holds Farm and Ranch Loan Meeting

Representatives of agricultural loan offices in 14 western states and Florida took part in Connecticut Mutual Life's annual farm and ranch loan 3-day conference at McAllen, Texas.

Guest speakers were Rep. Kilgore, former Congressman Lloyd M. Bentsen Jr., president of Consolidated American Life of Houston; and A. L. Cramer, vice-president and general manager of Engelman Products Co., Elsa, Texas.

Company officials on hand were Chairman Peter M. Fraser; H. Martin Tenney, vice-president, investments; Frank G. Snelgrove, agricultural loan secretary; Denzil C. Warden, supervisor of agricultural loans; and John E. Downey, manager of agricultural loans.

The company's investments in farm and ranch properties has doubled in the past five years and now totals \$110 million, nearly 10% of the total investments.

Miler Succeeds Belisle

Thomas L. Miler has been appointed general agent of Old Line Life at Wausau, Wis. He succeeds A. J. Belisle who is returning to personal production.

Mr. Miler has had nine years of ex-

perience in selling and management, having served as supervisor of agencies in Milwaukee and as general agent in Wausau for National Guardian Life.

Fond du Lac A&H Men Reelect Wellens President

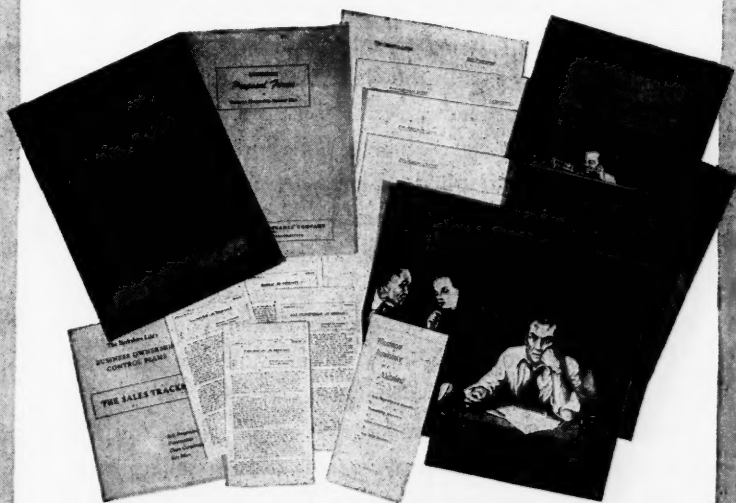
At the annual meeting of Fond du Lac County A&H Assn., Arthur P. Wellens was reelected president, and Paul W. Moldenhauer, Waupun, vice-president. C. C. Parker was chosen secretary-treasurer to succeed N. P. Abler. Guests included W. Clement Stone, president of First National Casualty, and E. J. Faulkner, president of Woodman Accident. The "Frank Bettger Story" film was shown. A Leading Producers Round Table certificate was presented to Carl L. Brandt, Sr., for qualifying for the third consecutive year.

Rand to Maine for Prudential

Wesley E. Rand Jr., manager of the A&H sales department of Prudential's Chicago regional home office, has been named associate manager of the Maine ordinary agency in Portland.

He is returning to the office where he joined the company in 1951. Mr. Rand was named an A&H training consultant at the home office in 1953.

Everyone is excited about Berkshire Life's BUSINESS INSURANCE KIT



... especially the Berkshire Life agents who now approach the sale of highly profitable business insurance with the same confidence as more familiar life coverages. This compact, uncomplicated kit is organized to sell the 4 major types of business insurance: Key Man, Sole Proprietor, Partnership and Close Corporation.

This is another of the fine "sales tools" Berkshire Life provides its field force as part of its complete sales promotion program.

KEEP YOUR EYE ON
BERKSHIRE
LIFE INSURANCE COMPANY

Life, Annuities, Accident & Health and Hospitalization
PITTSFIELD, MASS. • A MUTUAL COMPANY • CHARTERED 1851

W. RANKIN FUREY, President • HIRAM S. HART, Agency Vice-President



Life

A & H

Group

Franchise

Hospitalization

Brokerage

Reinsurance

life insurance in force exceeds

\$835,000,000.00

PLUS: One of the most advanced agents training programs in the nation . . . Supervised offices . . . Trained Group men to assist agents . . . An alert Underwriting and home office staff . . . Top commissions.

REPUBLIC NATIONAL LIFE

INSURANCE COMPANY

Theo P. Beasley, President

Home Office, Dallas

Chicago A&H Roundtable Holds Second TB Session

Chicago A&H Roundtable's October meeting featured two movies on tuberculosis and a panel discussion. One film, "The Inside Story," presented a scientist-physician telling the story of TB findings by means of charts, drawings, plastic models and scientific instruments. The second, "Diagnostic Procedures in Tuberculosis," showed the method of staining of sputum, the tuberculin test and x-ray film.

Don Sildorf, Combined, moderated the panel discussion during which

Edward Ryan, Municipal, and Charles Brock, United, discussed initial underwriting with TB history and post claim respectively.

Old Line Life Policy Changes

Old Line Life has increased its non-medical limits for both males and females from \$5,000 to \$10,000 at ages 0-35. The maximum at ages 36-40 remains at \$5,000.

The company also has changed its rules covering term riders with base policies and now allows term riders to three instead of two times the amount of the base policy.

Insurance Phone Directory for Dallas, Houston Ready

The insurance telephone directory for the growing insurance cities of Dallas and Houston is now off the press. Copies may be obtained for \$1 each from the National Underwriter Co., 420 E. 4th street, Cincinnati.

Pru Opens Flint Agency

A reception marked the opening of Prudential's new ordinary agency at Flint, managed by Robert V. Winters. He joined Prudential in 1950 as an assistant manager of the Motor City agency.

Stull G.A. for Penn Mutual

Franklin G. Stull, who recently addressed a meeting of Seattle Life Managers Club, was mistakenly identified as being an agent for Penn Mutual Life and Occidental of California in a story reporting the meeting. Mr. Stull is general agent in Seattle for Penn Mutual and has no connection with Occidental.

Vermont Foliage Sent to Agencies

National Life of Vermont has sent sprays of Vermont's multi-hued autumn foliage to its 60 general agencies.

With the exception of those sent to nearby agencies, the sprays were airmailed in cardboard boxes. Each carried a card showing a Vermont autumn scene in color and bearing a goodwill message from Clyde R. Welman, agency vice-president.

Woodmen A.&L. Has New Home

Woodmen Accident & Life has dedicated a new \$750,000 home office in Lincoln, Neb. A huge sculpture entitled "The Protecting Hand," executed from 200 pounds of Indiana limestone, is above the main entrance to the four-story building located across the street from the state capitol.

Nashem Agency Sells \$1,332,000

The Lee Nashem agency of Mutual Benefit Life in New York City led all agencies in September with sales totaling \$1,332,000. Sales for the first nine months totaled \$8,487,000.

President H. Bruce Palmer, William Ward, vice-president in charge of un-

derwriting, and Charles Heitzberg, 2nd vice-president and director of agencies, addressed the annual "duel luncheon." This year the Lee Nashem agency is competing with the Miami agency. Both seek to sell \$1,750,000 in October.

Ordinary Sales up 66%

Bankers National Life ordinary sales increased 66% in September and 27.7% in the first nine months. Ordinary insurance in force increased 50.8% in the first nine months. Average size of ordinary policies sold, including all juvenile plans, was \$8,122.

Mosely New Ad Manager

Alice R. Mosley has been named advertising and sales promotion manager for All American Casualty of Chicago.

Miss Mosely was formerly with Sterling as advertising manager.

Fidelity Bankers Life Names Two

Fidelity Bankers Life of Richmond has appointed Harold J. Richards vice-president. He has been assistant to the president. Daryl L. Stull, who has been with Guarantee Trust Life and Phoenix Mutual Life, has been appointed agency director.

Detroit Agency Cashiers Pick Slate

Helen V. McCoy was elected president at a meeting of Detroit Life Agency Cashiers Assn. Others elected are: Vice-president, Joseph Stutzke, Lincoln National; secretary, Dorothy Blood, Connecticut General; treasurer, Dorothy Craig, Bankers Life of Iowa.

Colonial Life has moved its Jersey City office from Trust Co. of New Jersey building to larger, more modern quarters occupying the entire second floor of 547 Summit avenue at Peconia avenue. Martin J. Ruane is manager.

Fifty members of Los Angeles Life Insurance Managers Assn. attended an annual play day at which golf prizes were awarded to J. Clayton Schaefer, Great-West Life, low net score; Ron Stever, Equitable Society, low gross, and George A. Satten, Mutual of New York, low putts.

aces and agents

Every company has its aces...its crackerjacks... its star producers. And similarly, every company has its agents...the men who are regular, consistent producers with few peaks or valleys...and no slumps. They are the men who offset the peaks and valleys of the aces. We have our share of both...bless 'em...because both are important to the steady growth of a company.

Today, it is important to have a good number of aces and agents in the field...and we're happy to say we have succeeded. Over the past few years, the Capitol Life has developed a field force made up of consistent, high quality producers...aces and agents alike. To do this, we have had to set high standards for new men as well as the present field force. If you can meet these company standards, we can help assure your success in the business. Because, when you join the Capitol Life, you will enjoy better than average first year commissions, liberal bonuses, effective sales training, and an attractive company pension plan. You will also enjoy the use of proven sales aids in selling competitive and exclusive contracts. This combined with an intimate, helpful relationship with the Home Office, will return the success you have a right to expect. Just ask any Capitol Life representative.

Agency and field underwriting opportunities available to men residing in the 15 Western States



Capitol Life
INSURANCE COMPANY
DENVER, COLORADO

WRITE: Thomas F. Daly II, Vice President and Director of Agencies.

If you
"Think Big"
about
yourself,
start
thinking
now of

OUR EXPANSION PROGRAM OFFERS A TREMENDOUS OPPORTUNITY FOR QUALIFIED AGENTS

* FINANCIAL ASSISTANCE

Top Commission Contracts
Salaried Agents Contracts

* COMPLETE LINE OF MODERN COMPETITIVE POLICIES

(Participating and Non-Participating)

* SPECIAL TERM REDUCING MORTGAGE PLAN

* EXCELLENT ACCIDENT AND SICKNESS AND HOSPITALIZATION POLICIES

* SUB-STANDARD TO TABLE "P" (500% Mortality)

General Agencies available in Ohio, Illinois, Indiana, Iowa, Michigan and Minnesota

The
Old Line Life

INSURANCE COMPANY OF AMERICA
HOME OFFICE: MILWAUKEE

Write: FORREST D. GUYNN
Director of Agencies, Dept. N-10
The Old Line Life Insurance Co.
of America
Milwaukee 1, Wisconsin

LIFE . . . SICKNESS . . . ACCIDENT . . . HOSPITAL
A General Agency Company

Broker Says Attributes of Life Supervisors Must Include Authority

DeWitt Stern, a New York City broker who writes a large amount of life, listed for New York City Life Supervisors' Assn. 13 attributes which most brokers look for in life supervisors. The first letters of these 13 words spell "life insurance." The attribute of "authority" was singled out for special mention.

Supervisors, Mr. Stern said, should display these characteristics:

Loyalty—to brokers beyond the call of duty, after office hours and even late at night.

Integrity—the realization, going beyond "just honesty," that one supervisor cannot get all the broker's business.

Fairness—giving the broker a fair share of time.

Efficiency—service by the supervisor and office staff to clients after the business goes on the books.

Interest—in the broker's business, helping the producer.

Non-pressure—avoiding the pressure which brokers "hate."

Service—which brokers want more than things like figures on net cost.

Understanding—that brokers want two or three companies in which they place business, rather than give all their business to one supervisor.

Reliability—of facts and information provided to brokers who can lose an entire account, which includes more than just life business, because of wrong information.

Authority—of the supervisor's statements with the broker, general agent and home office, that is, his statements must "stand up."

Nerve—goes with authority, to tell the broker when he is wrong and willingness to take a case, rejected by other companies, and ask the company to take it.

Competence—performance which includes knowledge of the business.

Enterprise—"impel" brokers who do too much paper work and fail to get out and write as much life business as

they should.

Referring to "authority," Mr. Stern said supervisors hired to obtain business from brokers should not be expected also to sell and train full time men in the office. This type of supervisor should not be paid on a 1-year production basis because he must service the brokers in various matters, such as helping them watch the business in force. The supervisor cannot "spread himself too thin." The general agent should not expect the supervisor to spend all his time in bringing in new business, Mr. Stern added.

Occidental Life of Cal.

Opens Baton Rouge Agency

Occidental Life of California has opened its first general agency at Baton Rouge, La., and appointed Andrew P. Panquerne general agent.

Mr. Panquerne, recently assistant manager in Occidental's New Orleans branch, was agency supervisor there for Connecticut Mutual Life for two years. From 1950 to 1953 he was with American National, and for five years previous was with American Service Bureau at New Orleans, two of those as manager.

Pension Group to Hear Lawyers

Aspects and implications of the proposed new regulations for pension and profit-sharing plans will be discussed at a dinner-meeting of American Pension Conference, Oct. 27, at Hotel New Yorker, New York City. Speakers will be Herman C. Biegel, Washington, D. C., and Denis B. Maduro, New York City, lawyers.

Richmond CLUs Elect Pasco

Richmond CLU chapter has elected John Pasco Jr., Equitable Society, president; Irving I. Held Jr., Connecticut Mutual Life, vice-president; and Edward E. Capps, Life of Georgia, secretary.

CLU Program Hits High at S. F.

The San Francisco CLU chapter educational program has a record number of registrants this year, 55 persons studying part A and 35 part C. Classes are held at San Francisco State College and instructors are William

C. Marsh, associate professor at San Francisco City College, and Marvin T. Tepperman, attorney.

Herbert Humber, Mutual Benefit Life manager, is education chairman for the chapter.

Manufacturers Offers

New Supplemental Term

Manufacturers Life has introduced a term rider that may be included with new sales of any whole life plans.

Called supplemental term, the rider is available in amounts as much as

twice the basic policy and features low premiums applicable for a 7-year period. There is an option of renewal at the end of that time and coverage may continue for a maximum of 21 years. Conversion is permitted in whole or in part, without evidence of insurability during the first 14 years.

The rider was designed for clients whose need for permanent insurance is beyond their present ability to pay. With the addition of supplemental term to a basic life policy, they can obtain the total coverage required, with the option of placing it all on a permanent basis in easy stages.

MAN TO MAN...



That pretty well describes the philosophy of life insurance operation upon which the Midland Mutual bases its relations with the men that represent it. And it's this friendly spirit of helpfulness and cooperation that we know has contributed much to the successful growth of our company and its agents during the years.

Keeping the human element foremost is more than a "company policy" at the Midland Mutual... it's a way of life. That's why we're not only ready at all times... but anxious... for the opportunity to help our men in the field whenever they ask. And, that's why we've developed a variety of practical sales helps to make the job in the field easier and more productive.



If you'd like to learn how the Midland Mutual's "helping hand" approach can benefit you, drop us a line. Just address Charles E. Sherer, Director of Agencies.

The MIDLAND MUTUAL Life Insurance Company

250 East Broad St.

Columbus 16, Ohio



He Stands Out in a Crowd

Because he knows life insurance and has learned why people buy. And his working tools—for prospecting, for selling, for organizing his work—are tested, and do the job.

WRITE TO

THE OHIO STATE LIFE Insurance Company
COLUMBUS, OHIO



A COMPLETE LINE OF LIFE, HEALTH, ACCIDENT AND HOSPITAL COVERAGE

John T. Graham Named Pan-Am Personnel Chief

John T. Graham has been appointed personnel director of Pan-American Life. He has been personnel assistant of American Cyanamid Co. in New Orleans and previously was with International Harvester Co.

Pan-American's rapid expansion necessitated establishment of a personnel department as an individual unit, according to President Crawford H. Ellis.

Franklin Life Holds President's Campaign

Charles E. Becker, president of Franklin Life, is being honored by a six-week sales drive by field men. The annual president's drive has set a new record each year. It is anticipated that this year's drive will push Franklin's insurance in force over the \$2 billion mark.

The campaign is centered around a football theme, with the slogan "It's Goal to Go."

Broekema at Kalamazoo

Clarence V. Broekema has been appointed general agent at Kalamazoo, Mich., for Central Standard Life. For a number of years he has operated the Blasdel-Broekema general insurance agency there.

W. K. Fritz Heads Newly Formed Twin City Club

Walter K. Fritz, underwriting secretary, Northwestern National Life, was named president of the newly formed Twin City Home Office Underwriters Club at the organizational meeting in Minneapolis. Present were 83 representatives of 12 life companies domiciled in the twin cities.

Other officers are vice-president, A. O. Konigson, Lutheran Brotherhood, and secretary-treasurer, Freda Blum, Minnesota Mutual Life.

Dr. Ancel Keys, director of the laboratory of physiological hygiene, University of Minnesota, spoke on prospects for predicting and preventing coronary heart diseases.

Home Life Liberalizes Military Underwriting

Home Life has liberalized the underwriting of military risks. Recognizing "some recent improvement in the world picture," the liberalizations are designed to return the company as much as possible to underwriting standards in effect before the Korean conflict.

The only restrictions remaining are necessitated by training hazards, foreign service and other factors applying particularly to younger men entering service by way of enlistment or draft.



Mrs. Mary Nelson, Washington, D.C., first prize winner of a Sealy mattress limerick contest, rejected a \$20,000 cash prize in favor of a \$100 a month annuity. She is shown with Howell Skogland, president of North American L&C., which issued the annuity.

New England Life Story to Be Featured on Radio

The story of New England Mutual Life will be broadcast on 50 New England radio stations next month.

The New England Life program is first in a series of 13 "sound biographies" titled "The New England adventure." Its purpose is to give a better understanding of the role of business and industry in the economy of New England.

Members of the executive staff to be featured on the program include President O. Kelley Anderson; Sherwin C. Badger, financial vice-president; Lambert M. Huppeler, vice-president; Doane Arnold, 2nd vice-president and underwriting department manager; Ernest J. Moorhead, actuary; and Dr. Frederick R. Brown, medical director. The broadcast also will feature sounds of the home office.

Ministers Life & Casualty Union of Minneapolis has been licensed in California.

Continental American Has New Policy Series

Continental American Life, as a result of expanding business and higher average unit sales, has introduced new policies featuring low premiums on all plans, higher cash values, more liberal policy provisions, preferred class insurance and a wide variety of plans.

Two preferred class policies are now issued in minimum amounts of \$10,000. They are low cost permanent plans for ordinary life and business, the latter giving double protection to age 65.

Through dividends, policy-holders may reduce their premiums or obtain more protection through the term addition option. The new series provides more liberal cash values in relation to deposits required as premium payments. Flexibility and new options will result in more liberal policy provisions. A wide choice of benefits is offered.

Dr. Claude L. Benner, president, told an all-day conference of general agents and managers that the new series was designed in the light of changing economic conditions. This latest step is made possible through specialization in preferred class coverage and through economy of operation resulting from large unit sales on all plans.

CLUs to Hear Goldberg

New York City CLU chapter will hold a luncheon meeting Oct. 26 at Hotel Martinique. Milton J. Goldberg, assistant superintendent of agencies of Equitable Society, will discuss "Some Observations on CLU - an Actuary's Viewpoint."

Daniel P. Cahill, Mutual of New York, Brooklyn, president of the chapter, will present diplomas to 61 new CLUs and associates. Three CLU management designations will be made.

Liberalizes Aviation Rules

Northwestern National Life has liberalized underwriting rules affecting private pilots with non-commercial certificates.

The new rules mean that pilots age 30 and over, with more than 400 hours of solo experience, flying less than 110 hours annually, may apply for up to \$75,000 at standard rates without an aviation exclusion rider.

The pilot must be a mature individual not connected in a permanent occupation with the aviation industry, he must fly not more than 110 hours a year, and he must be capable and have a good safety record.

Huebner Addresses CLUs

Dr. S. S. Huebner, president emeritus of American college, addressed a luncheon meeting of the Cincinnati CLU chapter. He was also the honor guest at an informal breakfast at the Queen City club attended by presidents of local companies, presidents of local universities, other educators and newspaper publishers.

Guarantee Mutual Sales Up

New life sales of Guarantee Mutual Life are up 30.6% for the first nine months of 1955 compared with the same period last year. New A&H premiums are up 22%.

September was the 9th consecutive gain month, showing a 32.7% increase over September 1954.

MANAGEMENT CONSULTANTS

O'TOOLE ASSOCIATES
Management Consultants
To Insurance Companies
Established 1945

P. O. Box 101 Queens Village, N. Y.
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GLOBE LIFE INSURANCE COMPANY

Attractive Agency Contracts

COMPLETE LIFE INSURANCE

COVERAGES—Ages 0-60

ALSO ACCIDENT, HEALTH,
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For Particulars Write Home Office

159 North Dearborn St., Chicago 1, Illinois

WILLIAM J. ALEXANDER, PRESIDENT

There's something special about a Maccabees agent



Extra benefits keep him whistling

- ✓ Competitive first year commissions give him a good living right from the start.
- ✓ Vested renewals protect his family's future.
- ✓ Liberal pension and insurance plans add to his security.
- ✓ Free direct mail (including all postage costs) aids him in prospecting.
- ✓ Training program increases his sales effectiveness.
- ✓ Management opportunities make his future bright.

If you've been looking for extra benefits to keep you whistling, write Robert O. Shepler, Field Director. There are excellent opportunities for rapid advancement in many territories in the United States and Canada.

THE MACCABEES
— a Life Insurance Society

The Maccabees Building • Detroit 2, Michigan

Offices in principal cities of the United States and Canada

Wide Range of Topics Covered at Actuary Meet

(CONTINUED FROM PAGE 9)
Prudential experience.

E. A. Lew, Metropolitan Life, reporting on studies comparable to those made by Mr. Morton, found substantial similarity with Prudential experience—namely that, especially for male lives, a family history of cardiovascular-renal disease constitutes a border line standard risk, at least over age 40 and that when found together with overweight or impairments of the cardiovascular-renal systems substantial extra mortality may be anticipated.

In discussing R. J. Myers' paper on "1954 Amendments to the Social Security Act," K. H. Ross, Huggins & Co., pointed out some of the problems involved in integrating existing coverage of ministers and state and local government employees. The political and socio-economic background of the amendment was discussed by W. R. Williamson. The role that private insurance has played in bringing real social security to our people has not been fully stated, according to G. W. K. Grange, Metropolitan Life, who called for greater participation by actuaries in considering the problems of social security.

In the discussion of the paper "Analysis of Approximate Valuation Methods" by E. Allen Arnold, Standard of Oregon, R. E. Edwards, Baltimore Life, said that even the customary methods of valuation are not exactly accurate and suggested that the expression "special method" be used for approximate methods and "standard method" for the usual, more accurate method. He pointed out that the "special method" can be justified in many cases because no terminations are allowed for and the actual liability is less than the reserve.

G. C. Campbell, Metropolitan Life, said that approximate methods were necessary even in a large company with electronic equipment at its disposal. For some years Metropolitan Life has used approximate methods for the valuation of industrial policies; one study showed that the error involved was less than .02%. He agreed with the authors that the very bases of the valuation were in themselves approximate and that there was no justification in spending policyholders' funds in attempting to attain an extreme degree of accuracy.

E. A. Grossman, Union Labor Life, suggested that each item of asset and liability as shown in the annual statement might be accompanied by the method of computation, thus enabling the reader to assess the confidence limits that could be applied to each.

B. N. Pike also pointed out that the advent of electronic machinery will not necessarily mean that approximate methods of valuation would no longer be required, since the expensive machines could be used more economic-

ally on other procedures. While the tendency in approximate methods was usually on the side of conservatism, it would be desirable that the errors involved should negate one another.

Discussing a paper by W. H. Kelton, Travelers, on the subject of valuation bases for disability benefits included in life insurance policies, Mr. Williamson, cautioned against the use of the same bases for estimates of costs of disability benefits under social insur-

ance coverage provided by federal governments.

J. C. Maynard, Canada Life, Mr. Williamson and Dr. C. J. Nesbitt, University of Michigan, discussed Professor Donald Baillie's paper on "Term vs. Whole Life," presenting other formulas for use in investigating the relationship between the purchasers of term and other plans of insurance.

A. C. Cragoe, Equitable of Iowa, in discussing Kingsland Camp's paper

"New Possibilities in Graduation," suggested some alternative methods which would be more suitable for practical use on existing computers. In his reply, Mr. Camp stressed that new computational machinery permitted great opportunities for graduation of statistical data and challenged the younger actuaries to use the same.

The informal discussions covered underwriting, group insurance, electronic processing and annuities.

"Start young—and let curiosity help your planning for security"

A special message

to men under 40

by DONALD H. FARRINGTON

President,

Farrington Manufacturing Company

"SO MANY young men make one serious mistake. They wait too long to start creating an estate through life insurance.

"Somehow they don't have the curiosity they should about such things. They don't realize how rapidly and easily the values build up, even with small unit purchases of life insurance, when you buy as young as you can.

"In choosing a company and a form of policy, it pays to understand that there are differences and to be inquisitive about them.

"For example, the most reliable and experienced advice costs nothing additional and will save you real money over the years.

"You will find that modern, flexible life insurance not only safeguards your family, but may provide a backlog of savings, education for your children, and in later life a comfortable retirement.

"So cultivate your curiosity about life insurance and the companies providing it. It can mean a lot to your security and success!"

WHY POLICYHOLDERS ARE SO LOYAL TO NORTHWESTERN MUTUAL...

THIS company is one of the largest in the world, with 98 years' experience and a reputation for low net cost.

This emphasizes that there are significant differences among life insurance companies. It is one reason why each year nearly half the life insurance issued by this company goes to those already in the Northwestern Mutual "family."

Have you reviewed your life insurance program within the last two years? You'll find a distinct advantage in calling upon the skill and understanding of a Northwestern Mutual agent.



A NORTHWESTERN MUTUAL POLICYHOLDER. Mr. Farrington appreciated early the wisdom of building a real program of life insurance. Today he owns 8 Northwestern Mutual policies.

The NORTHWESTERN MUTUAL Life Insurance Company

MILWAUKEE, WISCONSIN

APPEARING IN: TIME, OCTOBER 17 AND NOVEMBER 7; IN NEWSWEEK, DECEMBER 26



BANK LOANS ON VESTED RENEWALS

THREE OR FOUR YEAR REPAYMENT

UNDERWRITERS CREDIT & GUARANTY CORPORATION

340 Pine Street, San Francisco 4, California
Southern California & Arizona Branch Office
9935 Santa Monica Blvd., Beverly Hills, Calif.

Since its inception, Cal-Western's "YOU, Inc." training program for agents has attracted interest from many segments of the life insurance industry. If the program has enjoyed above-average success, we believe it is due, first to extremely careful selection standards, and second to certain basic concepts around which "YOU, Inc." is framed. In this series of messages, we present some of these concepts . . . not in the spirit of boastfulness . . . but because they may be of value to the industry as a whole.

Q. What makes YOU tick? Inc.

A. It's a foolish businessman, indeed, who does not keep a current operating statement at his fingertips.

During his "YOU, Inc." training, the Cal-Western agent works to a minimum family budget. This budget is carefully determined through conferences with the agent and his wife. After it is agreed upon, it becomes the irrefutable measure of his success.



No. 5 OF A SERIES

California-Western States Life Insurance Company

HOME OFFICE: SACRAMENTO

ANICO representatives are ANICO'S best advertisements.

J. W. BARTON
Glendale, California

An ANICO Career Underwriter who has been continuously successful from date of employment. In eight years of service, he advanced from Agent to Staff Supervisor to Regional Supervisor to District Manager. As District Manager of Glendale, California for the last sixteen years, he has placed the District in continuous leadership and has done an outstanding job in developing men. Mr. Barton is a good personal producer and is a life member of the Presidents Club.



YOU CAN GROW WITH ANICO

- A working contract that permits outstanding earnings.
- Policies that stand out in value against any competition.
- A management philosophy that is based on the axiom that a company succeeds only when its agency force succeeds.
- The most modern and effective selling aid program that can be devised.

For information without obligation address
"Executive Vice-President"

1905-1955—FIFTY GOLDEN YEARS OF PROGRESS

AMERICAN NATIONAL INSURANCE CO.
GALVESTON, TEXAS

OVER 3 BILLIONS OF LIFE INSURANCE IN FORCE

Direct Mail Tried as Sole Sales Outlet

(CONTINUED FROM PAGE 7)

have to have?"

After a little more in this vein, and an explanation of the conversion privilege after the term period runs out, the letter goes on with this section, captioned "How Patriot Can Offer You Such Low Rates":

"Have you ever wondered why many stores are able to offer you famous brand merchandise at far less than list prices? The answer lies in just two ideas . . . volume sales and efficient operation. Yes, these firms are able to offer you enormous savings because they operate efficiently and because selling at the lowest possible prices means they sell more!

"Well, we in Patriot apply these same principles to the field of life protection. Experience shows that selling insurance at rock-bottom rates produces volume sales.

"This Patriot Ratemaster policy is offered only through the mail, direct to you! You do not pay for commissions to agents or brokers . . . you do not pay for maintaining branch offices.

"You deal directly with the home office of one of America's larger companies with over \$600,000,000 of life insurance on more than half a million people from coast to coast. You get fast, friendly, personalized service . . . and you alone decide how much insurance you will buy. No salesman calls on you."

The letter winds up, of course, with a strong sales pitch. It is captioned "Now Look at This Revolutionary Offer!"

"We want you to see for yourself what this Patriot Ratemaster policy contains and why it will meet your needs. We want you to examine it without obligation and without spending a penny. You pay nothing until after you receive your policy and decide you want to keep it.

"Here's all you do: Simply fill out the enclosed application and return it along with your special 10-day approval coupon. If you are accepted, we'll send you your policy promptly on a 10-day no obligation basis.

"After you receive the policy, read it carefully . . . then either return the policy within 10 days or send in the low premium payment so that your protection may begin!

"All the cost and risk are ours . . . so make the most of this opportunity. Right now, take a few minutes to read the application folder and see the additional benefits listed there . . . then

mail your application and 10-day approval coupon at once while you're thinking about it!"

The annual rates quoted for the 15-year term policy with double indemnity are age 20, \$32.20; 25, \$33.80; 30, \$38.10; 35, \$46.50; 40, \$61; 45, \$83.40; 50, \$118.80.

The rate leaflet emphasizes that "you can now have \$5,000 life insurance protection at the lowest rate of any leading life insurance company in the United States" and that medical examination is waived for applicants age 20-45 who are in good health. It also emphasizes that "You buy direct from the Patriot Life Insurance Co. No salesman calls on you. You do not pay for commissions to agents or brokers."

Patriot Life had \$695,411,681 in force last Dec. 31, ranking it No. 72 among all companies as against 77th place a year earlier. Of this total, \$673,616,846 was group insurance, mainly on the lives of persons for whom Universal C.I.T. is financing purchases.

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Edmiston Heads ALC Financial Section

(CONTINUED FROM PAGE 3)

could come from a national organization level."

Mr. Slichter referred to a five-year investment research project supported by the life insurance business, saying that it will shed much light on the future demand for capital funds from all sections of the national economy. The study, directed by Simon Kuznets, will be published in 1956.

One of the interesting conclusions which is emerging, Mr. Slichter pointed out, is that over long periods in the past the relative scarcity of savings held back the potentiality of growth of the American economy. In the past decade, he said, life companies have responded "with energy and imagination to the growing needs of the economy, the savings in dollars of policyholders being channeled into a great range of public and private uses."

It is not necessarily true, Mr. Slichter said, as some economists believe, that business in the future will be self-financing to a substantial degree, and that the demand for capital will be less than the flow of savings seeking investment. In building up estimates of capital requirements, the speaker observed, economists have usually underestimated dollar needs because they have developed their data by projecting the growth of existing industries and undertakings, not making allowance for the unknowns, the new industries, new products and services not yet in existence.

A new era of prosperity for American railroads, in which passenger service will have a brighter outlook and the downward trend of the last decade in their share of inter-city freight traffic will be reversed, was forecast by Mr. Bevan. With the promise of more equitable competitive conditions and the trend already in evidence toward more aggressive merchandising, technological improvements of equipment and facilities, a better coordination of rail services in the over-all field of transportation, he predicted, the railroads should be able to get 55% of the nation's total freight tonnage.

International investment is having an increasing impact on both industrialized and underdeveloped countries, declared Mr. Black. He said the 58-nation world bank has lent more than \$2.4 billion in 38 countries and has mobilized more than \$1 billion of private savings for productive use abroad.

Mr. Black remarked that one part of the bank's work of special interest to him personally is the ways in which it helps channel private savings into worthwhile development projects abroad. For one thing, he said, the bank does this through the sale of its own bonds in the private capital markets. It has so far sold more than \$950 million worth of its bonds in five currencies. The bank now needs to sell bond issues less frequently, however, because of the growing interest on the part of private investors participating more directly in its operations.

One way in which the bank taps private funds for productive uses, Mr. Black remarked, is to sell parts of its past loans to other investors. Most of these sales have been made to commercial banks, he said, but life companies recently have begun to purchase some of the longer maturities.

Mr. Gibson said there is a conservatism on the part of Canadian investors, an inclination to buy "safe" bonds rather than the "risky" equities. It was his suggestion that Canadians emulate the U. S. which, at similar stages of development, sold the bonds to London and kept the equities.

VA Fact Sheet Explains Benefits

Veterans administration has published a fact sheet listing federal benefits which Congress has provided for veterans, their dependents and bene-

ficiaries, as of Oct. 6. The 12-page booklet lists the various types of benefits and their administering agencies, explains the basis of eligibility for each, and describes the nature of each benefit. Copies may be obtained from veterans administration information service, Washington 25, D. C. Information more detailed than in the fact sheet may be secured from the federal agencies administering the various benefits.

Pan-Coastal Life Sells Emergency Aid Holdings

Pan-Coastal Life, Mobile, has sold its controlling interest in Emergency Aid Ins. Co., Elba, Ala., ending a legal controversy. Pan-Coastal sold its 1,040 of the 2,000 outstanding shares of capital stock of Emergency Aid for an undisclosed amount.

Vincent F. Kilborn, Mobile attorney and Pan-Coastal stockholder, had petitioned Mobile circuit court for an injunction preventing Pan-Coastal from merging with Emergency Aid and with Confederate States Life Ins. Co., Birmingham. Pan-Coastal sold the stock before the date set for the hearing.

Cullman circuit court had enjoined George C. Wilkinson, president of Pan-Coastal, from conducting Emergency Aid stockholders and board meetings. That court action had been requested by Dr. Louis Friedman, Birmingham, Emergency Aid stockholder and associate of Gov. Folsom. The governor led a group of Emergency Aid stockholders in opposing the merger.

Reports on American Service Bureau's Year

American Service Bureau's policy of plowing back potential net earnings in improved service rather than accumulating them in surplus as such has enabled the bureau to more than triple its business in the last 10 years, ASB President Lee N. Parker reported at the executive session of American Life Convention.

The bureau, which is ALC's inspection affiliate, is soundly operated, is thoroughly solvent, has no outstanding indebtedness of any kind, grows quietly but steadily in its service to the life insurance business and as an instrumentality for good in an important field of company service, Mr. Parker reported.

Berkshire Life Campaign

Berkshire Life has launched its two-month annual sales effort, called "Berkshire boosters campaign," which is directed each year by a general agent.

This year's "flight commander" is E. J. Dore, Detroit. His sons, Edward Jr. and Thomas, took off on a 5,000-mile trip in their own airplane to address campaign meetings in general agencies throughout the country.



Lee N. Parker



Quality

in Pacific Mutual's
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guided Marvin R. Carter (Spokane) in acquiring the professional skill reflected in his 4 years' top rank standing in the Big Tree Leaders Club, his membership in the Pacific Mutual Million Dollar (in force) Club, his annual National Quality Award attainment—and in his building of a sterling quality clientele.

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Tells How Variable Annuity Insurer Will Work

(CONTINUED FROM PAGE 1)

ties salesmen who may desire to become licensed as a life agent.

A distinguishing feature of the VALIC contract is the listing therein of the actual net premium so that the policyholder can determine what the loading is. On an uninsured case, Mr. Johnson said the loading over a 20-year period would average about 12%. The commission on an annual premium deferred annuity is 25% the first year, followed by 3% for nine years, and in the case of a single premium deferred and immediate annuities, the rate is 3½%.

Mr. Johnson commented that variable and life annuities have been used in many pension plans established by large employers and are available to college teachers through College Retirement Equities Fund. About 30% of the persons eligible are availing themselves of the CREF plan, he said, adding that 99 of the largest 100 accounts of Teachers Insurance & Annuity are making the plan available.

Mr. Johnson, citing factors which have combined to detract from the attractiveness of the conventional fixed dollar life annuity, noted that people are living longer, requiring a lower income in order to stretch it out over a longer period; debt obligations are yielding less, the average yield on common stocks the past 20 years exceeding that on debt obligations by 50%; and the purchasing power of the dollar has declined.

Mr. Johnson stated the number of individual retirement annuities in force from 1950 to 1954, inclusive, increased only 3%, actually declining during the last two years. Life insurance in force gained 30% over the same five-year period. He noted that last year Prudential, which is seeking legislation in New Jersey to permit it to write the variable annuity, sold only 517 retirement annuity policies while three times as many went off

the books. Thus, he observed, with an increasing need there is less and less prospect of meeting it with the conventional fixed dollar annuities. It was suggested by one audience questioner that perhaps retirement income contracts are taking the place of annuities, accounting for the decrease in their sale. Mr. Johnson agreed this could be a factor.

The variable annuity is one answer to the problem, Mr. Johnson suggested. It starts with the life annuity as one of the basic ingredients and links it to equity investments so as to give a reasonable expectation of a good average investment return while eliminating the hazards of buying a single investment at one time. The resulting annuity is reasonably safe, likely to have a high average yield, and will tend to provide an annuity varying with the purchasing power of the dollar. The program, however, he said, is considered a supplement rather than substitute for insurance.

The variable annuity, the speaker remarked, may be said to include this simple formula: The laws of probability plus the life annuity, plus equity investments equals a reasonably safe income, a high income, and purchasing power income. He presented several slides of statistics showing that over any reasonably long period from 1880 to date, the average return on common stocks has been attractive and that a variable annuity does have a tendency to counteract the decrease in the purchasing power of the dollar.

Mentioning some persons associate investment and equities with speculation, Mr. Johnson said random chance factors can be moved through application of laws of probability, thusly:

(A) By investing in a widely diversified group of equities instead of investing in one or two; and

(B) By investing in or selling equities over a long period of time rather than buying or selling at one or two times.

Mr. Johnson said this will result in two important advantages—a much higher return from income and capital appreciation than would be received from debt obligations over the same period, and an investment return that tends to fluctuate with the cost of living. VALIC will adhere to the averaging principle, and not try to anticipate changes in the stock market.

Mr. Johnson mentioned some of the differences between the mutual fund and the variable annuity, emphasizing that the latter is sold as a life income program, not as an investment. There

To Publish NAIC Book of Valuations Jan. 26

Committee on valuation of securities of National Assn. of Insurance Commissioners has set Jan. 26, 1956, as publication date for its annual book of valuation of securities.

The book will contain Dec. 31, 1955, association values for stock and bonds and notations of eligibility for amortization of bonds to be used in preparation of insurance company annual statements as of Dec. 31, 1955. A copy of the book is sent to every U. S. insurance company.

Prepublication valuation data in the form of advance sheets is made available by the committee on a subscription basis to those requiring security prices before the Jan. 26 publication date.

is an exactly opposite sales psychology used. The expense factor and mortality experience is guaranteed under the variable annuity, fluctuations in neither affecting ultimate determination of value of the individual's benefits. The mutual fund does not include the life annuity principle, completion of any such program being contingent upon continuance of the life of the investor. Nor does the mutual fund offer a variety of settlement agreements and accumulation of funds as does the variable annuity.

CITES TYPICAL CASE

This is how a typical policy would work. Joe Zalenski, who is 45 and expects to retire in 20 years, buys a variable annuity policy for \$600 a year. Each year a part of the premium goes for expenses, including the cost of the life insurance protection. This life insurance will be \$3,000 the first year, or five times the amount of the annual premium. Thereafter it will decrease 20% a year so that at the end of five years there will be no further life insurance. If Joe dies within the five-year period, his beneficiary would receive the amount of the life insurance in addition to the nonforfeiture value guaranteed to him on the net sum invested to buy annuities. After the five-year period the death benefit would be limited to his proportionate share of the policyholders' reserve fund for life annuities.

The balance of each premium over the expense charges is placed in the policyholders' reserve fund, and he is given a credit for his pro-rata interest in this reserve fund at the time the premium payment is received. To simplify this process he is credited with a certain number of "accumulation units" in the reserve fund. The value of these units is changed each month to reflect changes in the value of the assets in the reserve fund.

When Joe wants to have the annuity payments begin he converts his accumulation units in accordance with mortality tables stated in the policy, and the company promises to pay him a certain number of "annuity units" as long as he lives. The number of annuity units never changes thereafter.

Thus, if at the time of his retirement he had 10,000 accumulation units and elected to have these settled as a straight life annuity, the company would agree to pay him 73.1 annuity units each month as long as he lives. As these annuity units represent a pro-rata interest in the policyholders' reserve fund their value is changed each year to reflect the change in the reserve fund, primarily changes in the value of the assets and in the annual earnings on the assets. Thus, if the value of an annuity unit was \$1 when Joe started to receive payments he might receive \$71.10 a month the first year. If the value of an annuity unit went up 10% in the next year he would receive \$80.40 a month the second year; if the value of an annuity unit went down the next year he might receive \$70 a month, etc.

The policy contains the usual provision of any life annuity policy permitting the naming of beneficiaries to receive benefits in the event of death before annuity payments begin and providing for different optional methods of payment, the only difference being that the variable annuity life insurance policy makes no provision for payments of installments or life annuities of a fixed dollar basis. All such payments will vary with changes in the value of annuity units. It does provide for lump sum settlement in certain circumstances, as in the usual life annuity contracts. The amount of such lump sum payments will be determined by the value of accumulation units at the time of withdrawal; except that in the first few years a

small expense charge is made for the surrender, as in the usual life annuity policy.

The annuity reserve funds of the company will be invested exclusively in equities under the laws of the District of Columbia. As not more than 1% of the assets may be placed in the common stock of any one company, there will be a widely diversified group of stocks in the portfolio.

In Joe's case he would be making purchases over a 20-year period and might be receiving annuity payments over a period of 15 years or more. Thus his return would not be dependent on the state of the stock market or the value of the equities in the reserve fund at any one time. He would have the benefit of the laws of probability operating over the entire period. In investment circles this is sometimes referred to as "averaging" or "dollar cost averaging." The amount of the payments he would receive would reflect the averaging experience of the company with its equity investments, both as to the yield thereon and appreciation in the capital value of the reserve funds held. If the history of the future repeats the history of the past, this procedure should have two advantages: (1) a higher yield on the funds invested than would be obtained from bonds and mortgages; and (2) a substantial net gain from capital appreciation.

A&H to Defend Job It Does in California

The A&H industry in California will get an opportunity to explain the job it's doing at a public hearing to be conducted in San Francisco Nov. 3-4 by a finance and insurance interim subcommittee of the California assembly.

The hearing is the outgrowth of complaints of many individuals who feel they "don't get their money's worth out of health insurance policies," and of federal trade commission charges of misrepresentation against certain companies.

Jack A. Beaver, general insurance broker of Redlands and chairman of the committee, said he personally feels satisfied that the insurance industry is doing a good job, and he wants to give it an opportunity to say so publicly.

Mr. Beaver said he has been deluged by letters from persons he calls "socializers," people who want to use his subcommittee hearings as a springboard for discussion on socializing the insurance industry.

An outline of information to be presented at the hearing follows:

1. Approximate number of people in state covered by voluntary health insurance, extent and type of coverage.
2. Breakdown of the premium dollar into percentages used for administration and benefits.
3. Approximate expenditures by the people for their health needs with a breakdown according to income groups.
4. Safeguards employed to prevent or control abuses by patients, hospitals, doctors, or insurers.
5. Examination of the nature of complaints against current coverage.
6. Plans for extension of service to provide for preventive medicine, catastrophic and chronic illnesses and retired people.
7. Major hindrances to expansion.
8. Impact of the activity of the non-admitted insurers upon the total insurance activities in state.
9. Recommended legislation.

National Fidelity Sales Up 40%

National Fidelity Life ordinary production during the first nine months of 1955 was 40% ahead of the same period last year. Insurance in force increased more than \$13 million, bringing the total to approximately \$110 million as of Sept. 30.

WANT ADS

Rates—\$18 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

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R. D. Slott, Vice Pres. & Agency Director

308 No. Michigan Ave. Chicago, Ill.

Combined A&H Trade Assn. to Become Reality

(CONTINUED FROM PAGE 1)

ization about Nov. 1, together with an application form and schedule of dues, to all A&H companies which are members of the seven trade associations making up the joint committee. These associations are: Bureau of A&H Underwriters, H&A Underwriters Conference, American Mutual Alliance, American Life Convention, Life Insurers Conference, Assn. of Casualty & Surety Companies, and Life Insurance Assn. of America.

One of the prime functions of Joint Committee on Health Insurance was to work out a means of setting up a combined A&H trade association. It is expected that when Health Assn. is fully organized and operating it will take over most of the activities of the task forces of the joint committee and the joint committee will be dissolved. Health Insurance Assn. of America will have offices in New York, Chicago and Washington. Present staff members of the conference and bureau will have important positions in the new association, and because the combined association will handle such a much larger scope of activity, it is felt that the stature of the staff positions will be enhanced.

Also last week the Institute of Life Insurance board of directors approved taking another step toward implementing the request of the A&H industry that the institute act as the public relations organization of the business. The institute committee that has been working on the matter will endeavor to work out a setup that will be agreeable both to the institute and the business. One of the possibilities is that the public relations function would be handled by a separate but closely affiliated organization in which some of the institute's staff members would hold supervisory positions.

The activities of the Health Insurance Council, which is supported by nine trade organizations interested in A&H insurance probably will fall under the jurisdiction of Health Insurance Assn. The council does a great deal of work with doctors and hospitals, handles hospital admissions plans, claim blanks, etc.

If, as seems more than likely, present plans are approved, the A&H business will have a single trade association, and a unified public relations organization conducted under the aegis of Institute of Life Insurance.

Even before the idea of combining the A&H functions of all seven of the trade groups was under way, there was a movement to obtain a close liaison between the two principal organizations, the bureau and the conference. There was a special committee, of which Mr. Neal was a member, which acted as liaison for this purpose.

The choice of Robert Neal to serve as executive head of the proposed Health Insurance Assn. of America would put the new organization's staff under the direction of a man experienced in trade association administration. Mr. Neal was vice-president and counsel of North American Accident of Chicago before becoming resident counsel at Washington for the bureau and the conference. He was president of the conference in 1952. Appointment of Mr. Neal as Washington counsel was the first significant step to coordinate activities of the major A&H trade organizations.

Mr. Neal graduated from Wabash college and Northwestern university law school, and after two years of private practice in Chicago he entered

insurance with North American Accident in 1938 as assistant attorney in the claim department. After service in the navy as a lieutenant commander during World War II, he was appointed counsel for North American, and in 1948 was made vice-president. He has served as a director of Health Insurance Council and is a past chairman of the A&H committee of the insurance section of American Bar Assn. He went to Washington as joint counsel for the conference and bureau about 15 months ago.

Mr. Faulkner is one of the most articulate leaders in the A&H industry. He was presented the A&H "Man of the Year" award this year by International Assn. of A&H Underwriters. He started with Woodmen Central Health in 1931, becoming treasurer the following year, and three years later became assistant to the president of Woodmen Accident. He was elected a vice-president of Woodmen Central Life in 1936, and became president of all three companies in 1938. He has served for eight years on the executive committee of H&A Underwriters Conference, and was president of the conference in 1950. He is a past chairman of the A&H committee of Life Insurance Agency Management Assn., and for two years was president of Insurance Federation of Nebraska. He has been head of the Joint Committee on Health Insurance, and his able presentations of the A&H position before Congress have won him respect outside of the industry ranks.

N. Y. Federation of Labor Bulletin Opposes Agents

(CONTINUED FROM PAGE 1)

man," the Faggen article states. "He is the agent or employee of the insurance company whose group policies he sells. The amount of money he makes depends of the volume of insurance he sells. His self-interest dictates that he seek maximum sales, whether or not this in the interest of a union welfare fund. The broker, to promote his interests, concentrates on selling a union welfare fund all the coverages it can currently buy without regard to their quality and, equally important, without regard to long-term actuarial and financial factors.

"The primary concern of the broker is making sales. The more insurance he sells; the more commissions he will collect. Frequently, he will throw business to an insurance company which will give him a more profitable commission deal. Some brokers will transfer a case from one company to another to collect a maximum first year commission. Other brokers have arrangements so that they collect additional commissions for every new union member who is covered.

"Whatever the amounts involved, and they are often very substantial, the broker cannot perform any real service for a union welfare fund. His interests coincide with those of the insurance company and not with the best interests of the union membership. Most insurance companies pay commissions on group cases for 10 years; some continue paying commissions throughout the duration of the group policy. The broker is concerned with getting maximum commissions. If a welfare fund runs into difficulties, he tells the trustees they need more money even though the union may

not always be in a position to obtain increased employer contributions.

"A broker, therefore, cannot serve the best interests of a welfare fund. He is a salesman, not a scientific adviser. He offers free 'services' because he makes money selling the maximum amount of cost-plus insurance that a welfare fund can buy out of current income.

"Some brokers pose as 'consultants.' They do this to get fees as well as commissions, particularly in cases where their 10-year commission arrangements are running out. The 'broker-consultant' must of necessity play a hyphenated role. As a 'consultant' he must negotiate with himself as a broker. As a broker, his interests lie with the insurance company whose policies he is selling. As a 'consultant' he collects fees for servicing a welfare fund but his primary objective is still collecting commissions. He obviously cannot deal at arm's length with himself. Even his 'consultation' consists of materials prepared by the insurance company whose broker he is. The unhyphenated broker actually provides the same kind of 'consultation' with the same kind of materials worked up by the insurance company. The only difference is that the hyphenate collects twice while the open broker collects only once.

"By contrast the public actuary performs scientific services for union welfare and pension funds which retain him. The true consultant is not an employee of an insurance company and he does not receive commissions or fees from any insurance company. He receives fees only for actual services rendered a fund.

"A bona fide consulting organization is based on the work of one or more public actuaries. All calculations are done by them in the offices of the consulting firm. As against this, the 'broker-consultant' generally farms his pension cases out to outside organizations that make run-of-the-mill calculations with little or no regard for the specific problems of a particular union's membership."

The article goes on to say that "no broker can recommend self-insurance even where it is clearly advisable, since that means his elimination. No 'broker-consultant' can make this recommendation because it would disturb his relationships with insurance companies."

Colonial Life Appoints MacConnell at Red Bank

Colonial Life has appointed Donald W. MacConnell general agent at Red Bank, N. J.

The office will be at 34 West Front street until Dec. 1 when it will be moved to quarters in a new building.

Mr. MacConnell joined the company in 1954. He is the son of the late Harold W. MacConnell who spent 50 years in the business and was assistant superintendent of agencies of Travelers in New York.

Pru Advisory Committee Meets

A field management advisory committee of Prudential's district agencies department met two days at the home office in Newark. Paul B. Palmer, vice-president in charge of the district agencies department, presided.

The meeting was attended by 20 outstanding managers and staff managers of the home office and mid-America regional home office areas. Consulting with top district agencies officials, they reviewed current practices and suggested and considered questions of broad major significance affecting operation and management of agencies.

Securities Dealers Urged to Oppose Variable Annuity

(CONTINUED FROM PAGE 1)

or accompanied with adequate regulations to protect the public interest," the report states.

"...The variable annuity contract is very closely akin to and is in essence an offering to the public of shares in common stock funds to be administered by the respective insurance companies, and therefore the same safeguards that were deemed necessary in the sale of securities in general and of investment companies' shares should be extended to the regulation of this type of insurance contract at the federal and state level to protect the public interest."

The committee opposes the use of the word "annuity" for the variable type of contract, contending that over a long period of time "annuity" has been used and understood to mean a series of guaranteed periodic payments, fixed in amount, to continue for life or some other specified period.

The committee wants the variable annuity to be regarded as a security and declared as such, and to be sold only with a prospectus that would make a full disclosure of the type of contract that is involved, including the record of the holdings of this segregated fund, the amount of selling and administrative costs involved, and a statement on the front page of the prospectus that the policy is not a dollar certain contract.

Other actions sought by the committee:

1. Licensing and registration of life insurance salesmen as securities salesmen if they sell variable annuities.
2. The setting of standards for sales literature and the type of policy so that there is no chance for misunderstanding or misrepresentation as far as the public is concerned.
3. Provision for custodianship, diversification, percentage of ownership, and supervision such as is set up under the investment company act of 1940.
4. Control over the issuance of contracts by any company whose investment policies are completely untied and whose ability to administer a common stock fund into which people are invited to invest their money for an annuity in the future is unknown.

The committee wants the NASD to call to the attention of Congress and the Treasury "the inequitable tax situation that would exist in the event that the current tax status of life insurance companies with respect to their present business was permitted to extend to the new variable annuity type of business."

"It is not our intention that the present tax situation of life insurance companies be criticized but rather to point out that an inequitable tax or discrimination would be created with respect to individuals, investment companies, or any other type of account that owns common stocks, in the event that the existing tax advantage of the insurance companies is extended to the new variable annuity type of business," the report declares. However, it goes on to point out that the taxation of life companies is now "in a transition period."

Mutual of New York and Lincoln National Life each have purchased half of \$1.75 million 5% subordinated notes issued by Commerce Loan Co., St. Joseph, Mo. Earlier in the year, Mutual bought \$1 million of 4 1/4% senior notes, also due in 1970, from the company.

Says Research May Find Diabetes Cure

Research may lead to a cure for diabetes, according to a paper, "The Altered Prognosis in Diabetes Mellitus," presented by Dr. Herbert Pollock, associate professor of clinical medicine of New York University college of medicine, at the annual meeting in New York City of Assn. of Life Insurance Medical Directors of America.

Diabetes mellitus is believed caused by one or more of these possibilities which are under investigation: insulin deficiency; liver deficiency; pituitary gland deficiency; an insulin antagonist in the tissues; an abnormal substrate in the tissues that interferes with the normal chain or reactions involving insulin.

The diabetic in industry no longer faces acute sepsis and prolonged convalescence if he is cut or bruised. This has enabled life companies to write group life on large groups of persons without considering diabetics among them added risks.

Control of the ailment with long-acting insulins has enabled some life companies to insure diabetics on an extra risk basis. When physicians can differentiate the basic cause of diabetes, diabetics may become insurable at standard rates, he said.

Doctors' concepts of diabetes have changed considerably in recent years, particularly since introduction of longer-acting insulin in 1938. Before insulin, the sole effort was to keep patients alive, and juveniles died in about nine months. Today, diabetic youngsters live out normal life spans and enter all occupations.

Long-acting insulins have wiped out fear of acute infection due to diabetes, and carbuncles are now uncommon. Where it once was rare for a woman diabetic to give birth to a live child today at least 80% of such children are born alive and maternal mortality is no different than with non-diabetic women.

Although insulin has led to effective control, incidence of the disease has been greater. Since it is essentially a disease of middle and older age, the lengthening of the life span means more people are living to develop diabetes. There are an estimated 2 million known and unknown diabetics in the U. S.

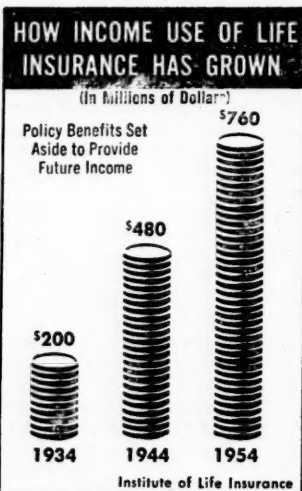
Benz to Lincoln National as General Agent in Wis.

Herbert G. Benz has been appointed general agent at Appleton, Wis., for Lincoln National Life. He succeeds W. B. Bellack and J. B. Davis, who will devote full time to personal production. They headed the Appleton agency since 1942.



H. G. Benz

Mr. Benz started in insurance at Appleton in 1930 with A. I. Assn. for Lutherans, advancing through various positions until becoming agency vice-president in 1950. In 1954 he entered personal production at Appleton with Mutual Benefit Life. He is a past president of Fraternal Field Managers Assn. and the Press Section of National Fraternal Congress.



Use \$760 Million Life Benefits for Income

Life policy benefits used to set up future income plans totaled \$760 million in 1954, compared to \$380 million in 1940 and \$90 million in 1930, according to Institute of Life Insurance.

At the start of 1955, \$6.6 billion had accumulated in reserves held by life companies for continuing income payments. The annual flow of payments from these reserves had risen to \$680 million.

For the life business as a whole, 27% of total benefit payments generally available for income purposes were set aside in 1954 for later income distribution, compared to 10% in 1930. There was a wide range of experience among companies, depending on the emphasis in type of insurance issued and the extent to which policy programming was undertaken.

R. T. Stevens Rejoins Mutual of N. Y. Board

Robert T. Stevens, president of J. P. Stevens & Co., textile manufacturers, and former secretary of the army, has been elected to the board of Mutual of New York. He served on the board from 1936 to 1953 when he became army secretary and relinquished various board memberships.

Lyons to Indianapolis Life at Madison, Wis.

Indiana Life has appointed John P. Lyons general agent at Madison, Wis. He has been with National Guardian Life at Madison.

The appointment launches company operations in Wisconsin and brings to 10 the number of states in which it is licensed.

Ohio State Life Eases Conversion Privilege

Ohio State Life has liberalized conversion privilege of the supplemental term contract of its businessmen's special policy thereby providing opportunity of converting the term coverage to the same form as the basic policy issued.

The minimum of term which may be converted is \$10,000, which must be done prior to disability of insured.

LOMA Society to Hear McElwrath
Society of LOMA graduates will hold its first meeting of the year Oct. 26 at New York Life's home office in New York City. G. Thomas McElwrath, vice-president of New York Life, will be guest speaker.

Stumpf Predicts Big A&H Future and Tells Agents How to Get It

About 70 members and guests attended the October meeting of Chicago A&H Assn. at which Charles B. Stumpf, Wisconsin general agent for Illinois Mutual Casualty, was the featured speaker.

Mr. Stumpf claimed that even though A&H is a big business now, even more remarkable advances can be expected in the future, because companies are producing contracts better suited to customers' specific needs. He accused the industry, however, of being terribly negligent in advertising their products. "The agent needs advertising," he said, "and it is the duty of the home office to contribute to a program which will awaken the community to the service the agent offers."

He stressed the importance of the agent's learning the customers' needs before attempting to sell him; planning his sales procedure, and following through on the line of attack he has chosen. "The answer to a great many selling problems," he said, "lies in programming the buyer's A&H needs. With an A&H program the agent can show the buyer what is available, how to purchase it, and can follow up with calls from time to time so that the buyer will keep him in mind and not his competition."

Mr. Stumpf described his approach to the buyer in the following steps:

- (1) Get the buyer first interested in the basic hospital-surgical plan.
- (2) Proceed to the major medical or catastrophic program.
- (3) Follow up with disability income under these phases;
 - (a) Mortgage plan to save his home when he is hospitalized or disabled.
 - (b) Bread and butter insurance to see that his family has the necessities of life.
 - (c) Other monthly payments to take care of bill collectors.
 - (d) Luxury insurance to take care of anniversaries, birthdays, etc.
 - (e) Make sure the buyer knows this is tax free income.

In conclusion, Mr. Stumpf told the agents to sell from the heart to the heart because it is closer to the pocket-book than a man's head.

The meeting opened with Robert L. Seiler, president, Paul Revere Life, calling upon Edward Brown, International A&H Assn., to give a brief resume of the national A&H picture. Mr. Brown stated the future looks promising with several states working on A&H legislation. He cautioned agents to keep alert to the social security program in Washington, warning that passage of certain sections which have been proposed would seriously threaten the A&H business. William G. Manzelmann, North American Accident, spoke briefly on the association's plans for the annual orphans' Christmas party, to be held Dec. 13.

Union Mutual to Write Me. Employes Group Life

Union Mutual Life has been awarded a contract for the group life program covering teachers, state and municipal employees in Maine. Union Mutual's bid of \$189,385 annual cost for a 10-year period, based on estimated yearly claims of \$175,000, was lowest submitted by 26 companies in nearly all of the several ways used to figure the bids.

Urges Vegetarian Diet to Meet Threat of Coronary Disease

People who have begun to suffer from, or are predisposed to, coronary disease should have a vegetarian diet supplemented by lean meat and skimmed milk products and should keep in good physical condition through activities which do not impose violent exertion, according to Dr. William Dock, professor of medicine at New York State College of Medicine in New York City. His paper, "Present Concepts of Arteriosclerosis," was presented at the annual meeting in New York City of Assn. of Life Insurance Medical Directors.

Experiments prove that fat and high calorie diets do not raise blood cholesterol or the fraction which is associated with atherogenesis. Low protein diets aggravate and hard physical work decreases the effect of dietary cholesterol in raising blood cholesterol, Dr. Dock wrote.

While sex, individual peculiarities of metabolism and anatomy, blood pressure, daily physical exertion, and use of tobacco influence the pace at which atherosclerosis develops and the places at which it produces damage of clinical significance, the fundamental cause subject to control is the amount of cholesterol absorbed from the gut. This depends on the amount of cholesterol in the diet and the amount of "blocking agents" in the diet. Vegetable foods contain blocking agents and act to lower the blood cholesterol. Animal products provide cholesterol and contain minimal amounts of blocking agent.

Dr. Samuel A. Levine, clinical professor of medicine at Harvard Medical School, in a paper on coronary artery disease, said males with this ailment predominate over females three to one. The disease afflicts more members of certain families and comes in the earlier decades. The strong, well-set muscular types are more vulnerable than the elongated, lean individuals. Excess weight and tobacco play minor roles.

Persons with elevated cholesterol in the blood are more likely to have coronary sclerosis, Dr. Levine wrote. Although the role of the diet still is being investigated, "there is much to make us suspect that a diet high in fat may be detrimental in this regard." He said he was not sure whether regular physical exercise has a beneficial effect upon development of coronary sclerosis, although it may have a good deal of value in other regards pertaining to the general health of mind and body.

Midland Mutual Has New Direct Mail Plan

Midland Mutual Life has revised and expanded its direct mail program for agents.

Called "The Direct Route to Prospects, Interviews and Sales," the new plan consists of 40 letters and mailing pieces, including reply-type letters, mass mailing messages and letters designed for preapproach purposes. Also "Prospecting with Midland Mutual Direct Mail," which describes the company's direct mail service and provides suggestions for the most effective use of this medium as a sales tool.

To enable its field forces to derive maximum returns from the new program, the company has developed a system for planned repeat mailings. This procedure capitalizes on the law of averages through recirculation of the same prospects at periodic intervals.

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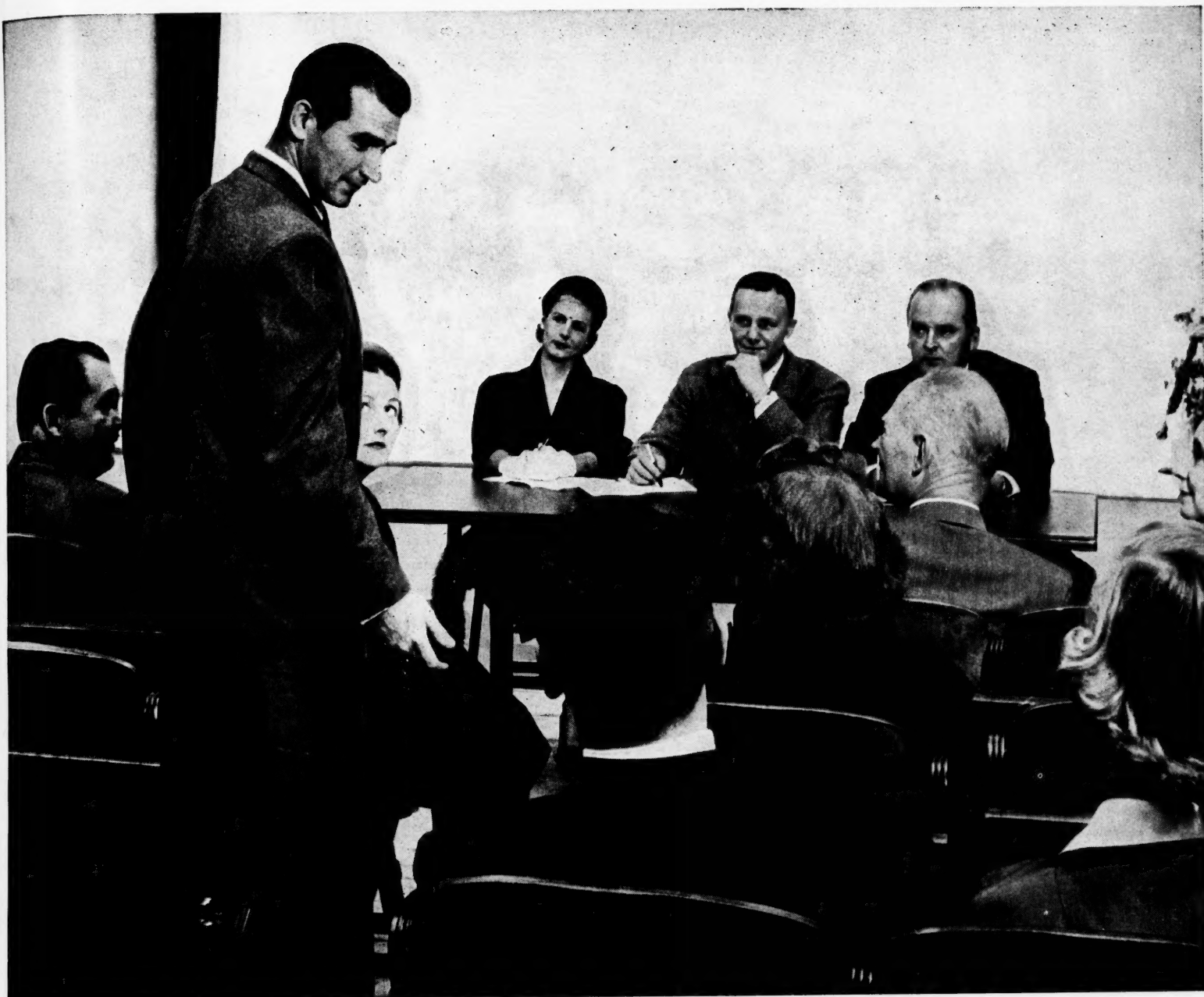
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Why does the man who sells Living Insurance speak up?

It's late at the PTA meeting. Someone is needed to organize next year's program.

Again and again where good neighbors share the load in community projects—Red Cross, PTA, Community Chest and many others—the Man from Equitable is a willing volunteer. After work, he shows the same spirit of service that marks his business day.

As a life underwriter, he spends his working hours thinking of others — their hopes,

their fears, their dreams. The Man from Equitable shows them how to turn these dreams into happy reality — with *Living Insurance*. This is modern insurance that stresses benefits *for the living*. Benefits for the policyholder himself while *he* lives. If he dies, benefits for the family that lives on after him.

This concept of *Living Insurance* is dynamic—a real aid that simplifies the work of the Life Underwriter. It is a positive ap-

proach to selling that can lead to increasing sales volume.

And in making his daily calls the Man from Equitable can count on a return that is more than money. It comes from the knowledge that more and more families live without fear of the future because of the *Living Insurance* he has sold them.

This is the big reward of service—a reward that makes hard work worthwhile.

THE **EQUITABLE** LIFE ASSURANCE SOCIETY OF THE U. S.

Home Office: 393 Seventh Avenue, New York 1, N. Y.

memo

to a new president

To: George Neitlich, C.L.U.

From: Metropolitan Life Insurance Company

Subject: Heartiest Congratulations

MAY we express the pleasure and pride we take in the news that you have been elected President for 1955-1956 of the American Society of Chartered Life Underwriters.

In the nearly 29 years of our association, you have time and again proved the qualities of competence and responsibility that have brought you to the leadership of this national and notable body of professional life insurance men and women whom we know as C.L.U.'s.

It is our earnest belief that your tenure in office will be marked by achievement that will bring added distinction to this fine Society of which you have now become the head.

Again, our heartiest congratulations to you, and to your fellow C.L.U.'s who have thus honored you.

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Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

1 MADISON AVENUE, NEW YORK 10, N. Y.

